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**BUTTE-GLENN
COMMUNITY COLLEGE DISTRICT
OROVILLE, CALIFORNIA**

AUDIT REPORT

Fiscal Year Ended June 30, 2023 and 2022

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Butte-Glenn Community College District
Oroville, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of Butte-Glenn Community College District (the District) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Butte-Glenn Community College District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 6, 2023

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

The California Community College system is comprised of 73 districts, 116 colleges. The Butte-Glenn Community College District (the "District") is located an hour and 10 minutes north of Sacramento on a 928 acre wildlife refuge and is a leader in sustainability efforts. The District serves students in both Butte and Glenn counties and consists of one community college located in Oroville, California, a state approved center located in Chico, California, and satellite campuses throughout the bi-county area. The District serves approximately 16,000 full and part-time, credit and non-credit students per semester.

The following discussion and analysis provides an overview of the financial position and activities of the Butte-Glenn Community College District for the years ended June 30, 2023 and 2022. Please read it in conjunction with the financial statements and notes thereto which follow this section. Responsibility for the completeness and accuracy of this information rests with the District's management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District follows the reporting standards of Governmental Accounting Standards Board (GASB) Statement No. 34, as amended by GASB Statement No. 35. Rather than issuing fund-type financial statements, the District has adopted the Business Type Activity (BTA) model. This model requires the following components be included in the District's financial statements:

- Management's Discussion and Analysis
- Basic financial statements including Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows
- Notes to Financial Statements

Additionally, fund balance is referred to as Net Position, and the Statements of Cash Flows are presented using the direct method.

The basic financial statements are designed to provide readers with a broad overview of the District's finances using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the District's activities.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Net Position present the assets, liabilities, and net position of the District for the fiscal years ended June 30, 2023 and 2022 and are prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private sector organizations. The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the District, and a way to measure the financial health of the District.

The net position is divided into three major categories. The first category, Net Investment in Capital Assets, represents the equity amount in property, plant, and equipment owned by the District. The second category is Restricted Net Position. This net position is available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. Restrictions can also be enforced through agreements, laws, regulations of creditors, other governmental agencies, imposed bylaws through constitutional provisions, or enabling legislation. The final category is Unrestricted Net Position that is available to the District for any lawful purpose. Although unrestricted, the District's Governing Board may place internal restrictions on this category of net position, but it retains the power to change, remove, or modify such restrictions.

The Statements of Revenues, Expenses, and Changes in Net Position represent the operating results of the District. The purpose of the statements is to present the revenues received by the District, both operating and non-operating, the expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains, and losses. Thus, these statements present the District's results of operations.

Changes in total net position are based on the activities presented in the Statements of Revenues, Expenses, and Changes in Net Position.

Generally, operating revenues are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided. For example, state appropriations are non-operating revenues because they are provided by the State Legislature to the District without the Legislature directly receiving commensurate goods and services for the revenues.

The Statements of Cash Flows provide information about cash receipts and cash payments, sources of cash, and major uses during the fiscal year. These statements also help users assess the District's ability to generate positive cash flows, meet obligations as they become due and evaluate the need for external financing.

The Statements of Cash Flows are divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of the District. The second part details cash received for non-operating, non-investing, and non-capital activities of the institution. The third section deals with the cash used for the acquisition and construction of capital and related financing activities. The fourth part provides information from investing activities. This section reflects the cash received and spent for short-term investments and any interest paid or received on those investments. The final section reconciles the net cash from operating activities to the operating loss reflected on the Statements of Revenues, Expenses, and Changes in Net Position. The net cash reconciliation is shown in the expanded version of the Statements of Cash Flows in the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Net Position as of June 30, 2023 and 2022 are summarized below:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Total assets	\$ 585,036,993	\$ 530,104,211	\$ 54,932,782
Deferred outflows of resources	34,889,826	21,302,472	13,587,354
Total Assets and Deferred Outflows of Resources	<u>619,926,819</u>	<u>551,406,683</u>	<u>68,520,136</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	109,012,825	106,739,076	2,273,749
Non-current liabilities	277,761,779	254,264,766	23,497,013
Deferred inflows of resources	16,109,327	45,926,568	(29,817,241)
Total Liabilities and Deferred Inflows of Resources	<u>402,883,931</u>	<u>406,930,410</u>	<u>(4,046,479)</u>
NET POSITION			
Invested in capital assets, net of related debt	148,323,988	72,450,412	75,873,576
Restricted	102,762,976	114,284,821	(11,521,845)
Unrestricted	(34,044,076)	(42,258,960)	8,214,884
Total Net Position	<u>\$ 217,042,888</u>	<u>\$ 144,476,273</u>	<u>\$ 72,566,615</u>

The District's total assets and deferred outflows of resources increased by \$68.52 million or 12.5 percent from the previous year.

Total liabilities and deferred inflows of resources decreased \$4.0 million or 1.0 percent.

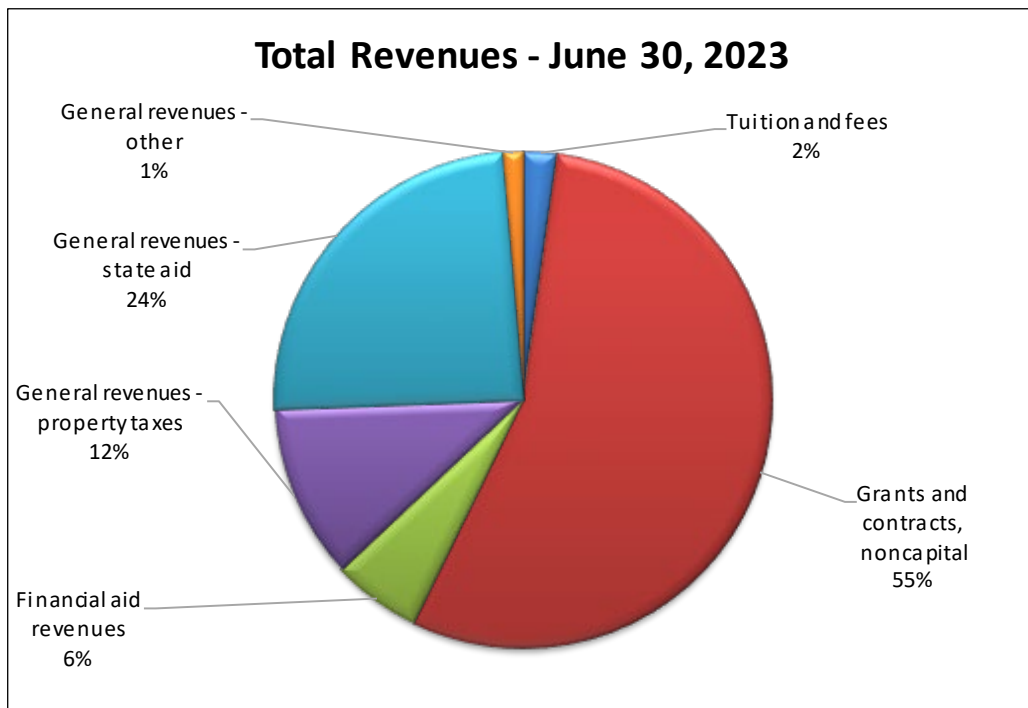
**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2023 and 2022 are summarized below:

	2023	2022	Change
REVENUES			
Tuition and fees	\$ 6,509,085	\$ 6,348,283	\$ 160,802
Grants and contracts, noncapital	162,195,473	151,390,565	10,804,908
Financial aid revenues	17,228,691	15,889,396	1,339,295
General revenues - property taxes	33,466,923	31,389,581	2,077,342
General revenues - state aid	71,657,837	36,710,667	34,947,170
General revenues - other	3,738,685	(5,604,535)	9,343,220
Total Revenues	294,796,694	236,123,957	58,672,737
EXPENSES			
Operating expenses	176,703,933	160,633,386	16,070,547
Financial aid disbursement to students	26,533,950	36,529,846	(9,995,896)
Interest	18,972,466	6,466,279	12,506,187
Other expenses	19,730	169,220	(149,490)
Total Expenses	222,230,079	203,798,731	18,431,348
Change in Net Position	\$ 72,566,615	\$ 32,325,226	\$ 40,241,389

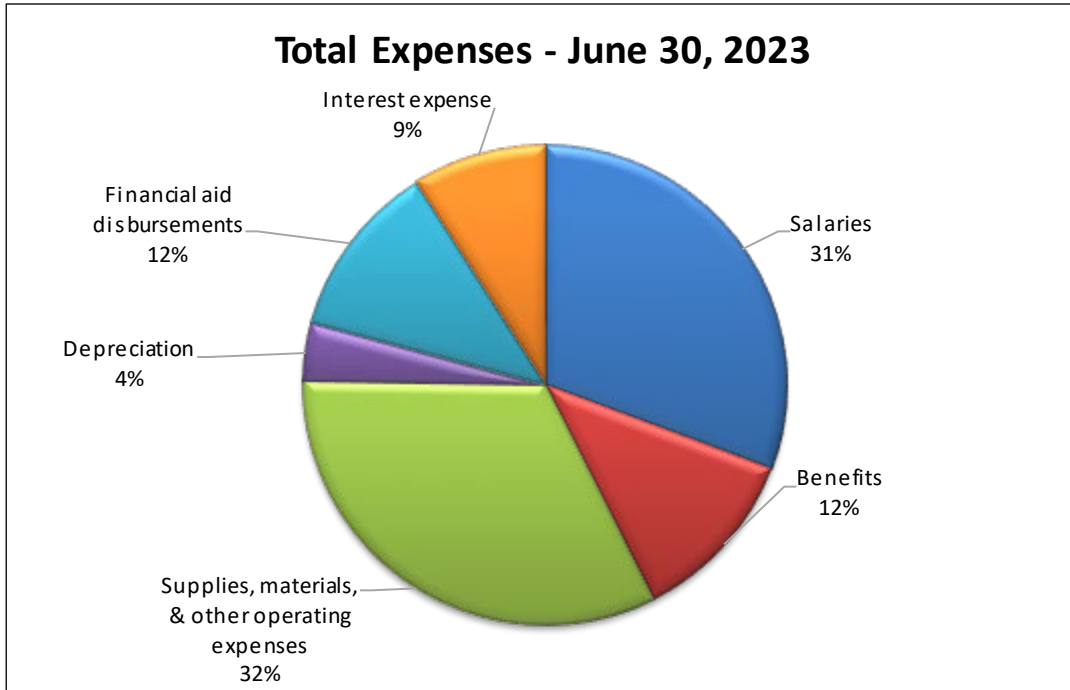
Operating and nonoperating revenues are reflected below:



**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Operating and nonoperating expenses are reflected below:



District Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, and donors for student loans and scholarships. The District's fiduciary activities are reported separately in the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. Net position of fiduciary activities is excluded from the District's net position because the District cannot use fiduciary assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Capital Assets

As of June 30, 2023, the District had approximately \$401.0 million invested in capital assets prior to accumulated depreciation. Capital assets consist of land and site improvements, buildings and improvements, construction in progress, equipment and vehicles that met the capitalization threshold recommended by GASB Statement No. 35. These assets have accumulated depreciation of \$99.1 million, leaving a net capital asset amount of \$302.0 million.

Note 6 to the financial statements provides detailed information on capital assets. A summary of capital assets net of accumulated depreciation and changes therein is presented below:

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Capital Assets not being depreciated	\$ 69,705,624	\$ 50,431,165	\$ 19,274,459
Capital Assets being depreciated	331,333,348	290,791,201	40,542,147
Accumulated depreciation	(99,068,428)	(92,403,707)	(6,664,721)
Total Capital Assets	<u>\$ 301,970,544</u>	<u>\$ 248,818,659</u>	<u>\$ 53,151,885</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Long-Term liabilities

As of June 30, 2023, the District had approximately \$184.4 million in bonded debt, \$5.7 million in lease liability, \$93.0 million net pension liability, total other long-term liabilities of \$4.9 million, and a net OPEB asset of \$8.8 million. This was an increase of \$31.1 million from the prior year.

Notes 7, 8, and 9 to the financial statements provides detailed information on long-term liabilities. A summary of long-term liabilities and changes therein is presented below:

	2023	2022	Change
General obligation and revenue bonds	\$ 184,352,391	\$ 191,961,055	\$ (7,608,664)
Lease liability	5,706,557	6,917,597	(1,211,040)
Net OPEB liability (asset)	(8,830,106)	(14,477,375)	5,647,269
Net pension liability	92,977,116	59,467,039	33,510,077
Other long-term liabilities	4,916,432	4,194,327	722,105
Total Long-Term Liabilities	\$ 279,122,390	\$ 248,062,643	\$ 31,059,747

FINANCIAL HIGHLIGHTS

Total net position was \$217.2 million at June 30, 2023. This was an increase of \$72.6 million or 50.23 percent over the prior year.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

HISTORICAL FULL TIME EQUIVALENT STUDENTS (FTES) TRENDS

In 2018, the District reported 10,383 credit and non-credit FTES. The 2018 Camp Fire and the COVID-19 pandemic have had significant impacts on the District's enrollment. In 2019, the State Chancellor's Office approved Emergency Conditions Allowance funding due to the Camp Fire to help maintain the District's funding level. This allowance holds the District harmless for enrollment declines caused by the fire and the pandemic and maintains the District's funding at enrollment levels established in the 2017-18 fiscal year. Originally, this funding allowance was provided through 2020-21, but was later extended through 2024-25.

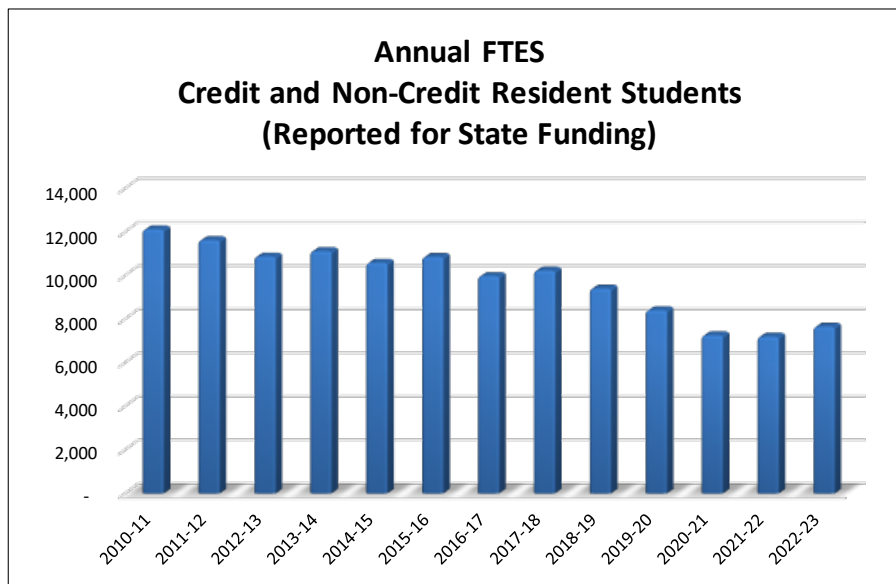
On September 13, 2023, the District approved its 2023-24 Final Budget that included over \$2 million to fund initiatives that provide opportunities to help restore enrollments, increase financial aid awards to students, and improve opportunities for student success and completion. The Board of Trustees also designated over \$29 million for the construction of a new facility that will help expand an instructional program and increase enrollment and student completion. Over \$5.3 million was allocated for instructional equipment to help build a state-of-the-art planetarium as part of a new bond-funded science building that will help meet the demand for the area.

The District will continue to evaluate new initiatives each year to determine its impact on enrollment and student success. New initiatives may be funded as they arise if it can be determined that it will improve the District's likelihood of restoring enrollment or improve the likelihood of student success.

The following graph shows the District's historical number of full-time equivalent students (FTES) served and funded. In 2018-19, the graph reflects the decline in students served (9,412 FTES) due to the Camp Fire, but also reflects being held harmless and funded to the prior year's 2017-18 FTES. From 2019-20 to 2021-22, the graph reflects additional declines in FTES mainly due to the COVID-19 pandemic. The District reported restoration of lost FTES in the 2022-23 academic year of over 6.3% (7784 FTES) and projects to restore an additional 6% in 2023-24 (8,251 FTES). The District does not expect to fully restore the FTES lost in prior years in the 2023-24 budget year, but continues to project to be held harmless to the FTES and other workload measures achieved in 2017-18. Currently, in fall 2023, the District is experiencing a 15% increase in FTES over the prior fall semester. If the District can restore its enrollment on average by 6% each year for the next 5 years, it is projected to have fully restored all the FTES lost from the Camp Fire and the COVID-19 pandemic by the 2027-28 fiscal year. To accomplish this, the college has created a Strategic Enrollment Management Plan.

The Butte College Strategic Enrollment Management Plan is organized around broad goals that support the success of our students and enrollment growth for the college. The goals include specific measurable outcomes for FTES, productivity, revenue, retention and persistence rates, as well as the number of applications, registrations, degrees, certificates and transfers. Each goal includes considerations for closing equity gaps.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**



FUTURE BUDGETS AND ACTIONS

On July 10, 2023, Governor Newsom signed the 2023-24 State Budget Act. In total, the 2023-24 budget reflects state expenditures of approximately \$310 billion, a less than one percent increase over the 2022-23 enacted budget. The enacted budget for community colleges reflects stable total funding. It includes approximately \$790 million in ongoing adjustments to the Student Centered Funding Formula (SCFF), of which \$678 million is for an 8.22% cost-of-living adjustment (COLA). Another \$112.4 million is provided for an 8.22% COLA to various categorical programs. One-time funds in the enacted budget are limited, and includes \$50 million to continue supporting college efforts to increase student retention rates and enrollment. However, these funds are in context of a \$55.4 million reduction to the prior-year allocation of \$150 million for that purpose. Similarly, the enacted budget reduces funds allocated in 2022-23 for deferred maintenance by \$500 million but provides \$5.7 million in new one-time funds in 2023-24, resulting in a net reduction of \$494.3 million from the \$840 million initially provided. In 2022-23, the state also provided \$650 million in one-time funds to be used for purposes related to the impact of the COVID-19 pandemic. While the May Revision budget proposal had proposed to reduce the COVID-19 Block Grant funds, the 2023 State Budget Act maintains full funding. The enacted budget also includes provisions to allow community college districts more flexibility in the use of these funds. In the context of the significant reduction in deferred maintenance funds, any remaining one-time funds provided to districts for retention and enrollment efforts, mitigating the impact of the COVID-19 pandemic and deferred maintenance and instructional equipment can be used for any of these purposes.

The enacted budget does not use any of the state’s constitutional reserves to address the budget deficit. Total state reserves are now estimated to be \$37.8 billion.

The college will continue to receive Emergency Conditions Allowance funding from the state due to the November 2018 Camp Fire through the 2024-25 fiscal year. This funding allowance provides the college with the same apportionment revenue it would have received had it not been for the wildfire emergency. The Legislature also approved a minimum funding floor that would be achieved in 2024-25 due to the continued impact of the COVID-19 pandemic. In 2025-26, no college will receive funding less than the revenue floor amount achieved in 2024-25.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

FUTURE BUDGETS AND ACTIONS, continued

On November 8, 2016, District voters approved a \$190 million general obligation bond measure (Measure J), for the purpose of constructing and upgrading buildings, infrastructure and classrooms for instructional and student service programs in the Butte-Glenn Community College District. The debt service for these bonds will not come from the District' general fund, but will be paid for by taxes levied on assessed values of properties in Butte and Glenn counties. In April 2017, the District issued the first series of bonds, totaling \$42 million. One of the bond projects tied to this first issuance was the construction of the new \$23 million welding and manufacturing facility with the ability to double the capacity of the program with the necessary space to meet the needs of local manufacturers. In July 2019, the District issued the second series of bonds, totaling \$49.5 million to finance the remodel of the technology building, make needed technology upgrades, and begin the planning and construction of a new Science building. In June 2022, the District issued the third series of bonds totaling \$50 million to complete the construction of the new Science building, begin the remodel of the Physical Science building, and upgrade the District's infrastructure.

The District provides other postemployment benefits (OPEB) to its retirees. In March 2010, the District joined the California Employers' Retiree Benefit Trust (CERBT) to establish an irrevocable trust for its other postemployment benefits. The most recent roll-forward actuarial evaluation report for the year ended June 30, 2022 reflects an OPEB liability of \$26.4 million. The balance in the trust as of June 30, 2023, was \$35.0 million, fully funding the actuarial liability for retiree medical benefits and creating an asset on the District's balance sheet. This fully funded position reflects the strength and financial health of the District and allows the District to use investment earnings from the fund to cover current and future retiree medical premium payments.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Raising federal interest rates may continue to be used to help control inflation and increases in minimum wage could have a significant impact on student enrollment at community colleges.

The District feels confident that it has the fiscal strength, resiliency, and reserves to be able to absorb future adjustments to state apportionment funding due to fluctuations in enrollment, the economy and fixed cost increases. Prudent fiscal management practices will remain in place to ensure the District has adequate reserves to sustain operations and support the success of its students, and the continuous funding and implementation of strategic enrollment management initiatives will help the District restore enrollments lost over the past decade.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, you may contact the Director for Business Services, at Butte-Glenn Community College District, 3536 Butte Campus Drive, Oroville, CA 95965.

FINANCIAL SECTION

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 248,035,797	\$ 219,750,436
Accounts receivable, net	17,360,485	37,321,181
Inventory	126,915	107,841
Due from fiduciary funds, net	257	-
Prepaid expenditures and other assets	1,372,983	1,121,431
Total Current Assets	<u>266,896,437</u>	<u>258,300,889</u>
Noncurrent Assets:		
Net OPEB asset	8,830,106	14,477,375
Intangible right of use assets	7,339,906	8,507,288
Capital assets, net	301,970,544	248,818,659
Total Noncurrent Assets	<u>318,140,556</u>	<u>271,803,322</u>
TOTAL ASSETS	<u>585,036,993</u>	<u>530,104,211</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,127,773	1,288,883
Deferred outflows - OPEB	4,075,924	421,560
Deferred outflows - pensions	29,686,129	19,592,029
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>34,889,826</u>	<u>21,302,472</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 619,926,819</u>	<u>\$ 551,406,683</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 23,724,265	\$ 10,068,500
Unearned revenue	75,097,843	88,395,324
Compensated absences, current portion	2,008,125	1,690,163
Long-term debt, current portion	8,182,592	6,585,089
Total Current Liabilities	<u>109,012,825</u>	<u>106,739,076</u>
Noncurrent Liabilities:		
Compensated absences	2,851,657	2,391,425
Lease liability	5,706,557	6,917,597
Net pension liability	92,977,116	59,467,039
Long-term debt, noncurrent portion	176,226,449	185,488,705
Total Noncurrent Liabilities	<u>277,761,779</u>	<u>254,264,766</u>
TOTAL LIABILITIES	<u>386,774,604</u>	<u>361,003,842</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - OPEB	5,252,136	10,552,282
Deferred inflows - pensions	10,857,191	35,374,286
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>16,109,327</u>	<u>45,926,568</u>
NET POSITION		
Net investment in capital assets	148,323,988	72,450,412
Restricted for:		
Debt service	30,152,342	28,085,268
Capital projects	68,002,985	83,377,120
Other special purposes	4,607,649	2,822,433
Unrestricted	(34,044,076)	(42,258,960)
TOTAL NET POSITION	<u>217,042,888</u>	<u>144,476,273</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 619,926,819</u>	<u>\$ 551,406,683</u>

See accompanying notes to the financial statements.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
OPERATING REVENUES		
Tuition and fees	\$ 12,284,999	\$ 12,020,724
Less: Scholarship discounts and allowances	(5,775,914)	(5,672,441)
Net tuition and fees	<u>6,509,085</u>	<u>6,348,283</u>
Grants and contracts, noncapital:		
Federal	14,578,955	27,568,232
State	142,428,174	118,629,201
Local	3,782,281	4,261,612
Auxiliary enterprise sales and charges	1,406,063	931,520
TOTAL OPERATING REVENUES	<u>168,704,558</u>	<u>157,738,848</u>
OPERATING EXPENSES		
Salaries	69,643,159	64,404,532
Employee benefits	25,601,480	20,163,741
Supplies, materials, and other operating expenses and services	73,160,203	68,121,501
Student aid	26,533,950	36,529,846
Depreciation/Amortization	8,299,091	7,943,612
TOTAL OPERATING EXPENSES	<u>203,237,883</u>	<u>197,163,232</u>
OPERATING (LOSS)	<u>(34,533,325)</u>	<u>(39,424,384)</u>
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	49,420,142	31,473,930
Local property taxes	26,862,292	21,492,564
State taxes and other revenues	15,678,114	14,626,298
Federal student aid revenue	17,228,691	15,889,396
Investment income - noncapital	3,700,082	(5,647,998)
Interest expense on capital asset-related debt	(18,972,466)	(6,466,279)
Gain (loss) on disposal of fixed assets	(19,730)	(169,220)
Other non-operating revenues	6,559,581	(9,389,561)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>100,456,706</u>	<u>61,809,130</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	<u>65,923,381</u>	<u>22,384,746</u>
OTHER REVENUE		
State apportionments, capital	38,603	43,463
Local property taxes and revenues, capital	6,604,631	9,897,017
TOTAL OTHER REVENUE	<u>6,643,234</u>	<u>9,940,480</u>
INCREASE (DECREASE) IN NET POSITION	72,566,615	32,325,226
NET POSITION -- BEGINNING OF YEAR	144,476,273	117,021,358
PRIOR YEAR ADJUSTMENT (SEE NOTE 13)	-	(4,870,311)
NET POSITION -- END OF YEAR	<u>\$ 217,042,888</u>	<u>\$ 144,476,273</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 6,509,085	\$ 6,348,283
Grants and contracts	167,452,625	167,393,938
Payments to or on behalf of employees	(98,874,804)	(91,783,765)
Payments to vendors for supplies and services	(62,713,770)	(69,877,146)
Payments to students	(26,534,207)	(36,532,680)
Auxiliary enterprise sales and charges	1,406,063	931,520
Net Cash Used by Operating Activities	<u>(12,755,008)</u>	<u>(23,519,850)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments	49,420,142	31,473,930
Property taxes	26,862,292	21,492,564
State taxes and other revenues	15,678,114	14,626,298
Financial aid revenues	17,228,691	15,889,396
Other nonoperating	6,559,581	(9,389,561)
Net Cash Provided by Non-capital Financing Activities	<u>115,748,820</u>	<u>74,092,627</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(60,283,594)	(14,867,720)
Local property tax, capital projects	6,643,234	9,940,480
Proceeds from issuance of capital debt	(1,211,040)	1,169,733
Loss on disposal of capital assets	(19,730)	(169,220)
Principal paid on capital debt	(6,591,089)	41,625,247
Interest paid on capital debt	(16,946,314)	(14,040,299)
Net Cash Provided (Used) by Capital Financing Activities	<u>(78,408,533)</u>	<u>23,658,221</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	3,700,082	(5,647,998)
Net Cash Provided (Used) by Investing Activities	<u>3,700,082</u>	<u>(5,647,998)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	<u>28,285,361</u>	<u>68,583,000</u>
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>219,750,436</u>	<u>151,167,436</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 248,035,797</u>	<u>\$ 219,750,436</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (34,533,325)	\$ (39,424,384)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	8,299,091	7,943,612
Changes in Assets and Liabilities:		
Receivables, net	19,960,439	(6,581,620)
Inventory	(19,074)	(6,279)
Prepaid items	(251,552)	134,563
Net OPEB (asset)	5,647,269	(11,146,645)
Deferred outflows of resources	(13,748,464)	3,617,371
Accounts payable and accrued liabilities	10,717,059	(1,883,929)
Deferred revenue	(13,297,481)	23,513,679
Net pension liability	33,510,077	(40,367,452)
Compensated absences	778,194	(520,130)
Deferred inflows of resources	(29,817,241)	41,201,364
Total Adjustments	<u>21,778,317</u>	<u>15,904,534</u>
Net Cash Flows From Operating Activities	<u>\$ (12,755,008)</u>	<u>\$ (23,519,850)</u>

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET ASSETS – COMPONENT UNIT – FOUNDATION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 686,927	\$ 301,520
Investments - current	1,058,000	1,026,020
Other Assets		
Investments - noncurrent	6,182,768	5,955,140
Contributions receivable	75,000	75,000
Assets held by others	46,507	44,455
Prepaid expense	26,350	-
Total Assets	<u>\$ 8,075,552</u>	<u>\$ 7,402,135</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 12,889	\$ 19,625
Amounts held for pass-through donors	151,191	229,716
Depository liability	546,812	510,503
Total Liabilities	<u>710,892</u>	<u>759,844</u>
NET ASSETS		
Without donor restriction	590,033	411,002
With donor restriction	6,774,627	6,231,289
Total Net Assets	<u>7,364,660</u>	<u>6,642,291</u>
Total Liabilities and Net Assets	<u>\$ 8,075,552</u>	<u>\$ 7,402,135</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF ACTIVITIES – COMPONENT UNIT - FOUNDATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	2023 Total	2022 Total
SUPPORT AND REVENUES				
Contributions:				
Public support	\$ 458,686	\$ -	\$ 458,686	\$ 519,312
Endowment fund contributions	-	331,532	331,532	152,587
Special events revenue:				
Spring Gala	232,371	-	232,371	135,021
Other special event revenue	223,163	-	223,163	183,721
Other revenues, gains, and support:				
Investment return - net of investment fees	663,847	372,181	1,036,028	(1,009,789)
Other revenues	253,846	-	253,846	191,796
Transfers from related party	78,526	-	78,526	1,583
Net assets released from restrictions	160,375	(160,375)	-	-
Total Support and Revenues after Net Assets Released from Restrictions	2,070,814	543,338	2,614,152	174,231
OPERATING EXPENSES				
Program services:				
Scholarships	590,978	-	590,978	451,709
Programs and grants	985,402	-	985,402	246,599
Supporting services:				
Management and general	271,644	-	271,644	201,617
Management and general in-kind	171	-	171	-
Spring Gala expenses	43,588	-	43,588	42,147
Total Operating Expenses	1,891,783	-	1,891,783	942,072
CHANGE IN NET ASSETS	179,031	543,338	722,369	(767,841)
NET ASSETS, BEGINNING OF YEAR	411,002	6,231,289	6,642,291	7,410,132
NET ASSETS, END OF YEAR	\$ 590,033	\$ 6,774,627	\$ 7,364,660	\$ 6,642,291

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS – COMPONENT UNIT – FOUNDATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 722,369	\$ (767,841)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Total investment return - net of investment fees	(585,668)	508,601
Changes in:		
Assets held by others	(2,052)	9,366
Accounts payable	(6,736)	(67,384)
Amounts held for pass-through donors	(78,525)	25,852
Prepaid expense	(26,350)	-
Depository liability	36,309	1,498
Net Cash Provided (Used) by Operating Activities	59,347	(289,908)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	2,723,965	1,889,645
Proceeds from the sale of investments	(2,397,905)	(1,889,645)
Net Cash Provided by Investing Activities	326,060	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	385,407	(289,908)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	301,520	591,428
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 686,927	\$ 301,520

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2023 AND 2022

June, 30 2023	Scholarship and Loan Fund	Other Trust and Agency Fund	Total
ASSETS			
Cash and cash equivalents	\$ 65,631	\$ 143,431	\$ 209,062
Accounts receivable, net	-	1,460	1,460
Total Assets	65,631	144,891	210,522
LIABILITIES			
Accounts payable	-	80,416	80,416
Due to other funds	-	256	256
Total Liabilities	-	80,672	80,672
NET POSITION			
Unrestricted (deficit)	65,631	64,219	129,850
Total Net Position	\$ 65,631	\$ 144,891	\$ 210,522
June, 30 2022	Scholarship and Loan Fund	Other Trust and Agency Fund	Total
ASSETS			
Cash and cash equivalents	\$ 48,616	\$ 133,318	\$ 181,934
Accounts receivable, net	-	1,529	1,529
Total Assets	48,616	134,847	183,463
LIABILITIES			
Accounts payable	-	71,887	71,887
Total Liabilities	-	71,887	71,887
NET POSITION			
Unrestricted (deficit)	48,616	62,960	111,576
Total Net Position	\$ 48,616	\$ 134,847	\$ 183,463

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023 AND 2022**

June, 30 2023	Scholarship and Loan Fund	Other Trust and Agency Fund	Total
OPERATING REVENUES			
Local revenue	\$ 84,565	\$ 20,264	\$ 104,829
Total Operating Revenues	84,565	20,264	104,829
OPERATING EXPENSES			
Supplies, materials, and other outgo	67,550	10,477	78,027
Total Operating Expenses	67,550	10,477	78,027
Net Change in Net Position	17,015	9,787	26,802
Beginning of Year	48,616	54,432	103,048
End of Year	\$ 65,631	\$ 64,219	\$ 129,850

June, 30 2022	Scholarship and Loan Fund	Other Trust and Agency Fund	Total
OPERATING REVENUES			
Local revenue	\$ -	\$ 9,714	\$ 9,714
Total Operating Revenues	-	9,714	9,714
OPERATING EXPENSES			
Supplies, materials, and other outgo	-	9,213	9,213
Total Operating Expenses	-	9,213	9,213
Net Change in Net Position	-	501	501
Beginning of Year	48,616	62,459	111,075
End of Year	\$ 48,616	\$ 62,960	\$ 111,576

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION

The Butte-Glenn Community College District (the “District”) is a political subdivision of the State of California and is governed by an elected seven-member Board of Trustees. The District provides educational services to the local residents of the surrounding area. The District consists of one community college located in Oroville, California, a state approved center located in Chico, California, and satellite campuses throughout the bi-county area.

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles and GASB Statement No. 14 and Statement No. 39. The basic, but not the only criterion for including a potential component unit within the reporting entity is the Board of Trustees’ ability to exercise oversight responsibility. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by or are dependent on the District’s executive and legislative branches. Control by or dependence on the District was determined on the basis of budget adoption, taxing, authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

As a result, the financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

The District and the Butte Community College Foundation (the “Foundation”) have financial and operational relationships that require analysis to determine whether the Foundation meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) for inclusion as a component unit of the District. After analysis, the Foundation was determined to have met these criteria. Accordingly, the financial activities of the Foundation have been included in the financial statements of the District. The separately audited financial statements of the Foundation may be obtained from the District.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – ORGANIZATION, continued

Financial Reporting Entity, continued

The following are those aspects of the relationship between the District and the component unit that satisfies the GASB:

Scope of Public Service: The Foundation is a nonprofit, public benefit corporation incorporated under the laws of the State of California, and the Foundation was formed to promote and assist the educational services of the District.

Discrete Presentation: For financial presentation purposes, the financial activities of the Foundation have been discretely presented with the financial activities of the District.

Joint Powers Agencies and Public Entity Risk Pools

The District is associated with five joint powers agencies (JPAs). These organizations do not meet the criteria for inclusion as component units of the District. The JPAs are the Northern California Community Colleges Self-Insurance Authority (NCCCSIA), the Statewide Association of Community Colleges (SWACC), the Schools Association for Excess Risk (SAFER), the Protected Insurance Program for Schools (PIPS), and the Butte Schools Self-funded Program (BSSP). See Note 10 for more information.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place and amounts are available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include state apportionments, property taxes, certain grants, entitlements, and donations. Revenue from state apportionments is generally recognized in the fiscal year in which it is apportioned from the state. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office.

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, now codified in the FASB Accounting Standards Codification, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the State Chancellor's Office Budget and Accounting Manual.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. The Business type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
 - Statements of Net Position
 - Statements of Revenues, Expenses, and Changes in Net Position
 - Statements of Cash Flows
- Notes to Financial Statements

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and all highly liquid investments with an original maturity of three months or less. Cash equivalents also include cash with county treasury balances.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair market value. Fair market value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

Accounts Receivable - net

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursements of allowable expenditures made pursuant to the District's grants and contracts. The District utilizes the allowance method with respect to its accounts receivable. The allowance was \$6,093,836 and \$4,957,131 at June 30, 2023 and 2022, respectively.

Prepaid Expenditures

Prepaid expenditures or expenses represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

Inventory

Inventory, primarily bookstore merchandise, is carried at the lower of cost or market using the first-in, first-out (FIFO) method.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings and improvements, vehicles, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed. Routine repairs and maintenance that do not extend the life of the building or equipment are charged as operating expenses in the year the expense is incurred.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 to 65 years; equipment, 5 to 20 years; library books, 5 years; technology equipment, 5 years. Land and construction in progress are considered nondepreciable capital assets; therefore, no depreciation is computed.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Deferred Insurance Costs, Premiums, and Discounts

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. In accordance with GASB Statement No. 65, underwriters' discounts are expensed when incurred.

Deferred Loss on Refunding

The deferred loss on refunding is amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective-interest method. Amortization expense was \$161,110 for both the fiscal years ended June 30, 2023 and 2022, and was reported as part of interest expense in the statement of revenues, expenses, and changes in net position in accordance with GASB Statement No. 65.

Deferred Revenue

Deferred revenue includes advances from grantors and advances from students. Advances from grantors include amounts received from grant and contract sponsors that have not yet been earned. Advances from students include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that relate to the subsequent accounting period.

Compensated Absences

Compensated absence costs are accrued when earned by employees. Accumulated and vested unpaid employee vacation benefits and compensatory time are recognized as liabilities of the District as the benefits are earned. The District has a load banking program for eligible faculty employees whereby the employee may accrue overload service toward paid leave.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Liabilities

Bond premiums and discounts are amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditures) until then. The District has two items that qualify for reporting in this category, which are the deferred loss on refunding and deferred pension contributions. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. The deferred pension activity will be recognized as pension expense in subsequent periods.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has reported deferred inflows related to pensions including differences between projected and actual earnings on plan investments, differences between expected and actual experience, and changes in assumptions.

Net Position

Net position represents the difference between total assets and deferred outflows of resources, less liabilities. The District's net position is classified as follows:

Net investment in Capital Assets – Represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position – Includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position, continued

Unrestricted Net Position – Represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources and then towards unrestricted resources.

Classification of Revenues

The District has classified its revenues as either operating or non-operating according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of scholarship discounts and allowances, (2) internal service – self-insurance charges, (3) most federal, state, and local grants and contracts, and (4) interest on institutional student loans.

Nonoperating revenues – Activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues, such as: (1) state appropriations; (2) investment income; and (3) federal and state financial aid, scholarship, and loan trust receipts, according to GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*; and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Scholarship Discounts and Allowances

Scholarship Discounts and Allowances Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statements of revenues, expenses and changes in net position. The District offers Board of Governors' Waivers (BOGW) to qualified students, and these tuition waivers are reported as scholarship discounts.

Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues (financial aid revenues) and nonoperating expenses in the District's financial statements.

Risk Management

The District retains risk for liability and property damage on the first \$1,000 of each claim. The District retains no risk for liability or workers' compensation claims, and coverage is provided by pooled insurance as a member of a joint powers authority.

Certain property damage coverage in excess of \$1,000 and up to \$500,250,000 and certain liability coverage in excess of \$1,000 and up to \$50,000,000 is provided by pooled insurance as a member of joint powers authorities of California community colleges and school districts.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Estimates Used in Financial Reporting

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as revenues and expenses during the reporting period. Actual results could differ from those estimates. The District's largest sources of revenues are enrollment fees, grants and contracts from federal, state and local agencies, state revenues and property taxes. Each of these revenue types is subject to some estimation at the date of the financial statements.

Budget and Budgetary Accounting

By state law, the District's governing board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15th of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District's governing board approves revisions to the budget.

State Apportionments

Certain current-year apportionments from the State are based on various financial and statistical information of the previous year as well as State budgets and other factors outside the District's control. In February, subsequent to the year end, the State performs a recalculation based on actual financial and statistical information for the year just completed. The District's policy is to estimate the recalculation correction to apportionment, if any, based on factors it can reasonably determine such as local property tax revenue received and reductions in full-time equivalent students (FTES). Any additional corrections determined by the State are recorded in the year computed by the State.

On-Behalf Payments

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditure by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers Retirement Systems (STRS) and Public Employees Retirement Systems (PERS) on behalf of all Community Colleges in California. This amount has been reflected in the basic financial statements as a component of other state revenue and employee benefit expense.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable in two installments on November 1st and February 1st and become delinquent if paid after December 10th and April 10th. Unsecured property taxes are payable in one installment on or before August 31st. The respective counties bill and collect the taxes for the District.

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1st of each year.

Reclassifications

Certain reclassifications have been made to prior-year amounts to conform with current-year presentation.

Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the statement of Revenues, Expenses, and Changes in Net Position. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

Change in Accounting Principal

Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has implemented GASB Statement No. 96 as of June 30, 2023.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations.

Statement No. 91 – In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

Statement No. 99 – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

Statement No. 101 – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements

Early implementation is encouraged. The District is in the process of determining the effect on the financial reporting.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION

The Foundation is an auxiliary organization of the District. The purpose of the Foundation is to accumulate funds to award scholarships and loans to assist students within Butte and Glenn counties while attending the District, and for designated projects. A substantial portion of the Foundation's revenue is from community donations.

Change in Accounting Principle

Change in the Accounting Principle - In February 2016, the Financial Accounting Standards Board (FASB) established Accounting Standards Codification (ASC) Topic 842, Leases, (ASC Topic 842) by issuing Accounting Standards Update (ASU) No. 2016-02, which is effective January 1, 2022, and requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations. On June 30, 2023, the Foundation had no leases requiring recognition under ASC Topic 842.

The Foundation has implemented the provisions of this ASU as of June 30, 2023, because management believes it improves the Foundation's financial reporting.

Basis of Presentation and Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net position and transactions into the following categories:

- Net assets without donor restrictions are those resources that are currently available for operations.
- Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation has been classified as an organization that is not a private foundation under Section 509(a)(2). The Foundation has not entered into any activities that would jeopardize its tax-exempt status. Accordingly, no provision for income taxes is required.

The Foundation files exempt organization returns in the U.S. federal and California jurisdictions. The federal returns for tax years 2019 and beyond, and the California returns for tax years 2018 and beyond, remain subject to examination by the taxing authorities.

The Foundation accounts for income taxes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes and how an uncertain tax position is recognized in financial statements. The Foundation analyzes tax positions taken in previously filed returns and tax positions expected to be taken in future returns. Based on this analysis, a liability is recorded if uncertain tax benefits have been received. The Foundation's practice is to recognize interest and penalties, if any, related to uncertain tax positions as tax expense. There were no uncertain tax positions identified or related interest and penalties recorded as of June 30, 2023, and the Foundation does not expect this to change significantly over the next 12 months.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and short-term investments with a maturity, at date of purchase, of three months or less. At times, the account balances at a financial institution may exceed the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit; and as a result, there is a concentration of credit risk related to amounts in excess of FDIC insurance coverage. Cash and short-term investments held in a bank money market account are reported as investments instead of cash because the Foundation holds those funds as an endowment.

Investments

The Foundation invests in bond and equity mutual funds and certificates of deposits. Investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statement of activities.

Accounts Receivable

The Foundation utilizes the allowance method of accounting for uncollectible accounts receivable. No allowance was necessary at June 30, 2023 and 2022, respectively. There was no bad debt expense as of June 30, 2023 and 2022.

Assets Held by Others

The Foundation transfers funds to the Foundation for California Community Colleges (FCCC) in accordance with a partnership agreement dated March 2009 with the California Community Colleges Scholarship Endowment (the Endowment). The endowment began in May 2008 with an initial \$25 million gift from the Bernard Osher Foundation (Osher). Under the agreement, the California Community Colleges and FCCC had until June 2011 to raise \$50 million, for which Osher would provide a 50% match up to \$25 million. The Foundation estimates that it will receive an annual distribution of 5% to be used for scholarships in accordance with the agreement. The FCCC retains control over the distributions, and the Foundation has no control or access to the principal; therefore, the matching portion of the endowment is not recorded on the Foundation's financial statements. These funds are recorded as permanently restricted assets. At June 30, 2023 and 2022, the amount contributed to the FCCC and its investment earnings net of scholarship distributions totaled \$46,507 and \$44,455, respectively.

Depository Liabilities

The Foundation administers funds for the District and District sanctioned clubs as well as individuals and entities that desire to benefit the District. Depository liabilities represent the amount of these funds held.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Fair Value Measurements

The Foundation accounts for certain assets and liabilities in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. FASB ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurement.

The Foundation classifies its fair value assets and liabilities into a hierarchy of three levels based on the markets in which they are traded and the reliability of the assumptions used to determine fair value. The asset or liability measurement level within the hierarchy is based on the lowest level of any assumption that is significant to the measurement.

Valuations within the hierarchy levels are based upon the following:

Level 1 - Quoted market prices for identical instruments traded in active exchange markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3 - Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Foundation's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management's judgment and estimation which may be significant.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the fiscal years ended June 30, 2023 and 2022.

Mutual Funds - Each investor in the mutual fund will typically receive units of participation in the mutual fund. These units are valued daily, based on the underlying securities owned by the mutual fund.

Pooled Income Fund - Each income beneficiary in the pooled income fund is assigned units based on the fair market value of the assets at the time they are transferred to the trustee. Shares in the fund are valued daily based on the underlying securities owned. The fund is primarily made up of fixed income funds and equity securities.

Annuities - Valued at contract value which included an adjustment for the time value of money, interest rate and future value.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Endowment Investment and Spending Policy

The Foundation's endowment consists of approximately 125 individual donor-restricted funds, the majority of which are established for scholarships, with approximately four established for other specified purposes benefiting the District. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by the State of California, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies - The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return, over time, of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy - The Foundation has a policy of appropriating for distribution the amount of funds needed to finance current-year scholarship distributions. In establishing this policy, the Foundation considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 2% annually, which is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Related Entity

The District provides office space and administrative services for the Foundation. Certain services are not reflected in these statements since they are not susceptible to an objective measurement or valuation, per the current agreement between the Foundation and the District.

Contributions

The Foundation recognizes contributions from unconditional promises to give when such promises are made if the amounts can be reasonably determined. The contribution receivable of \$75,000 is a beneficial interest in an irrevocable family trust. The amount is estimated to be collected within ten years. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give that are to be received in future years are discounted at the Foundation's risk-free rate of return.

Donated Assets

Donated marketable securities and other noncash donations (gift annuities) are recorded as contributions at their estimated fair values at the date of donation.

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC Subtopic 958-605, Not-for-Profit Entities—Revenue Recognition, if the services: (a) create or enhance nonfinancial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Donated services are reflected in the financial statements as contributions in the accompanying statements at their estimated values at the date of the receipt. No amounts have been reflected in the statements for volunteer services as they do not meet the criteria for recognition. The Foundation pays for most services requiring specific expertise.

Scholarships

The Foundation recognizes unconditional scholarships awarded when such awards are made if the amounts can be reasonably determined. Conditional scholarships awarded are recognized when the conditions on which they depend are substantially met.

Reclassifications

Certain reclassifications have been made to prior-year amounts to conform with current-year presentation.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISCRETELY PRESENTED COMPONENT UNIT – FOUNDATION, continued

Date of Management Evaluation

Management has evaluated subsequent events through December 6, 2023 the date on which the financial statements were available to be issued.

NOTE 3 – CASH AND CASH EQUIVALENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; medium term corporate notes; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with the County Treasurer (Education Code Section 41001). The fair market value of the District’s investment in the pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair market value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Primary Institution – Credit Risk

California Government Code, Section 53601, limits investments in commercial paper to “prime” quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. Individual securities must be backed by the federal government or rated AAA, AA, or A by Standard & Poor’s or Aaa, Aa, or A by Moody’s indices. The District’s investment policy established safety of principal as of primary investment objective. The District’s investments in the County investment pool is unrated.

Component Unit – Credit Risk

The Component Unit’s investment policies allow for investment in equity securities and fixed income instruments. Any corporate obligations must be rated BBB or a better rating by Standard & Poor’s or a similar rating agency. The Component Units’ investments are rated at least BBB or better by Standard & Poor’s as of June 30, 2023.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

General Authorizations, continued

Component Unit – Credit Risk, continued

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	40%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Cash and Cash Equivalents

Cash and investments as of June 30, 2023, consist of the following:

Governmental Funds:	
Cash in County Treasury	\$ 236,192,942
Cash on hand and in banks	11,842,855
Total cash and cash equivalents	<u>\$ 248,035,797</u>
Fiduciary Funds:	
Cash in County Treasury	\$ 136,640
Cash on hand and in banks	72,422
Total cash and cash equivalents	<u>\$ 209,062</u>

Interest Rate Risk

Interest rate risk is risk to the earnings or market value of a portfolio due to uncertain future interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the County Investment Pool and in other investment agreements.

Specific Identification

Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is indicated by the 546 day weighted average maturity for the District's deposits of \$236,192,942 book value and \$228,752,156 fair value held with the County Treasurer.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County pool is not required to be rated, nor has it been rated as of June 30, 2023.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2023, the District’s bank balance was not exposed to custodial credit risk because the balance was comprised of accounts that were individually below \$250,000 and as such, was covered under the FDIC insurance limit.

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. At June 30, 2023 accounts receivable totaled \$17,360,485. The District anticipates the current accounts receivable to be approximately 74 percent collectible.

NOTE 5 – RIGHT OF USE ASSETS

The amount of lease assets by major class of underlying assets as of June 30, 2023, was as follows:

	Adjusted Balance			Balance
	July 1, 2022	Additions	Deductions	June 30, 2023
Intangible Right of Use Assets:				
Leased equipment	\$ 13,789,777	\$ -	\$ -	\$ 13,789,777
Leased buildings	2,886,072	-	-	2,886,072
Total Intangible Right of Use Assets	16,675,849	-	-	16,675,849
Less Accumulated Amortization				
Leased equipment	6,785,165	878,775	-	7,663,940
Leased buildings	1,383,396	288,607	-	1,672,004
Total Accumulated Amortization	8,168,561	1,167,382	-	9,335,943
Intangible Right of Use Assets, net	\$ 8,507,288	\$(1,167,382)	\$ -	\$ 7,339,906

Amortization expense for the year was \$1,162,732

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2023 was as follows:

	Balance			Balance
	June 30, 2022	Additions	Deductions	June 30, 2023
Capital Assets not being Depreciated				
Land	\$ 4,477,420	\$ -	\$ -	\$ 4,477,420
Construction in progress	45,953,745	24,877,590	5,603,131	65,228,204
Total Capital Assets not being Depreciated	50,431,165	24,877,590	5,603,131	69,705,624
Capital Assets being Depreciated				
Site improvements	1,560,195	-	-	1,560,195
Buildings & improvements	262,684,163	35,014,253	-	297,698,416
Equipment	21,852,117	5,593,950	392,795	27,053,272
Vehicles	4,694,726	420,662	93,923	5,021,465
Total Capital Assets being Depreciated	290,791,201	41,028,865	486,718	331,333,348
Total Capital Assets	341,222,366	65,906,455	6,089,849	401,038,972
Less Accumulated Depreciation	92,403,707	7,131,709	466,988	99,068,428
Net Capital Assets	\$248,818,659	\$ 73,038,164	\$ 5,622,861	\$301,970,544

Depreciation expense for the year was \$7,131,709

Capital asset activity for the District for the fiscal year ended June 30, 2022 was as follows:

	Balance					
	Balance		As Restated			Balance
	June 30, 2021	Restatement*	June 30, 2021	Additions	Deductions	June 30, 2022
Capital Assets not being Depreciated						
Land	\$ 4,477,420	\$ -	\$ 4,477,420	\$ -	\$ -	\$ 4,477,420
Construction in progress	25,309,833	-	25,309,833	20,643,912	-	45,953,745
Total Capital Assets not being Depreciated	29,787,253	-	29,787,253	20,643,912	-	50,431,165
Capital Assets being Depreciated						
Site improvements	1,560,195	-	1,560,195	-	-	1,560,195
Buildings & improvements	273,716,424	(16,759,158)	256,957,266	5,726,897	-	262,684,163
Equipment	20,636,847	-	20,636,847	1,515,164	299,894	21,852,117
Vehicles	4,457,650	-	4,457,650	237,076	-	4,694,726
Total Capital Assets being Depreciated	300,371,116	(16,759,158)	283,611,958	7,479,137	299,894	290,791,201
Total Capital Assets	330,158,369	(16,759,158)	313,399,211	28,123,049	299,894	341,222,366
Less Accumulated Depreciation	89,426,550	(3,673,049)	85,753,501	6,780,880	130,674	92,403,707
Net Capital Assets	\$240,731,819	\$(13,086,109)	\$227,645,710	\$ 21,342,169	\$ 169,220	\$ 248,818,659

Depreciation expense for the year was \$6,780,880

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – LONG-TERM LIABILITIES

Summary

The changes in the District’s long-term liabilities for the 2023 fiscal year consisted of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Long-Term Liabilities					
General obligation bonds	\$ 178,093,810	\$ 337,278	\$ 6,535,000	\$ 171,896,088	\$ 6,715,000
Premium on bonds	13,867,245	-	1,410,942	12,456,303	1,410,942
Lease liability	6,917,597	-	1,211,040	5,706,557	-
California Energy Conservation loan	112,739	-	56,089	56,650	56,650
Compensated absences	4,081,588	778,194	-	4,859,782	2,008,125
Totals	\$ 203,072,979	\$ 1,115,472	\$ 9,213,071	\$ 194,975,380	\$ 10,190,717

The changes in the District’s long-term liabilities for the 2022 fiscal year consisted of the following:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Long-Term Liabilities					
General obligation bonds	\$ 133,892,799	\$ 58,866,011	\$ 14,665,000	\$ 178,093,810	\$ 6,535,000
Premium on bonds	12,316,220	3,514,698	1,963,673	13,867,245	-
Lease liability	5,463,375	1,454,222	-	6,917,597	-
California Energy Conservation loan	168,271	-	55,532	112,739	50,089
Compensated absences	4,601,718	-	520,130	4,081,588	1,690,163
Totals	\$ 156,442,383	\$ 63,834,931	\$ 17,204,335	\$ 203,072,979	\$ 8,275,252

Description of Debt

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax collections. The General Fund makes payments for the revenue bonds, compensated absences, other postemployment benefits and the supplemental employee retirement plan. Accrued vacation will be paid by the fund for which the employee worked.

Original issuance premiums and issuance costs are amortized over the life of the bonds as a component of interest expense on the bonds.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 – LONG-TERM LIABILITIES, continued

Bonded Debt

The outstanding general obligation bonded debt as of June 30, 2023 is as follows:

Series	Issue Date	Yield	Maturity Date	Bonds			Bonds	
				Outstanding July 1, 2022	Additions	Redeemed	Outstanding June 30, 2023	Due Within One Year
2002 Series A	5/23/2002	1.60-5.80%	2027	\$ 2,148,430	\$ 177,941	\$ -	\$ 2,326,371	\$ -
2002 Series B	6/22/2005	2.52-5.00%	2030	3,185,380	159,337	-	3,344,717	-
2012 Refunding	1/18/2012	0.32-2.77%	2027	1,810,000	-	1,810,000	-	-
2015 Refunding	1/21/2015	1.49-2.16%	2028	17,760,000	-	2,130,000	15,630,000	2,435,000
2016 Series A	4/16/2017	0.92-3.90%	2047	33,390,000	-	-	33,390,000	-
2017 Refunding	12/20/2017	2.08-2.28%	2031	15,800,000	-	-	15,800,000	-
2016 Series B	7/11/2019	1.11-3.28%	2049	45,450,000	-	2,475,000	42,975,000	300,000
2016 Series C	6/16/2022	1.44-3.80%	2048	50,000,000	-	-	50,000,000	2,100,000
2022 Refunding	6/16/2022	1.29-1.93%	2027	8,550,000	-	120,000	8,430,000	1,880,000
Total				\$ 178,093,810	\$ 337,278	\$ 6,535,000	\$ 171,896,088	\$ 6,715,000

Election of 2002 General Obligation Bonds, Series A

During May 2002, the District issued the Election of 2002 General Obligation Bonds, Series A in the amount of \$29,999,445. The bonds issued consisted of \$21,680,000 of current interest serial bonds, \$7,885,000 of current interest term bonds and \$434,445 in capital appreciation bonds. The bonds mature beginning on August 1, 2003 through August 1, 2027, with interest yields ranging from 1.60 percent to 5.80 percent. At June 30, 2023, the principal balance outstanding (including accreted interest to date) was \$2,326,371.

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ -	\$ -	\$ -	\$ -
2025	-	-	-	-
2026	-	-	-	-
2027	434,445	-	2,660,555	3,095,000
Accretion	1,891,926	-	(1,891,926)	-
Total	\$ 2,326,371	\$ -	\$ 768,629	\$ 3,095,000

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – LONG-TERM LIABILITIES, continued

Bonded Debt, continued

Election of 2002 General Obligation Bonds, Series B

During June 2005, the District issued the Election of 2002 General Obligation Bonds, Series B in the amount of \$36,998,634. The bonds issued consisted of \$27,210,000 of current interest serial bonds, \$8,420,000 of current interest term bonds and \$1,816,746 in capital appreciation bonds. The bonds mature beginning on August 1, 2006 through August 1, 2029, with interest yields ranging from 2.52 percent to 4.99 percent. At June 30, 2023, the principal balance outstanding (including accreted interest to date) was \$3,344,717.

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ -	\$ -	\$ -	\$ -
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029-2030	1,368,634	-	3,106,366	4,475,000
Accretion	1,976,083	-	(1,976,083)	-
Total	\$ 3,344,717	\$ -	\$ 1,130,283	\$ 4,475,000

2012 General Obligation Refunding Bonds

Proceeds from the 2012 General Obligation Refunding Bonds of \$21,755,000, issued in January 2012, were used to advance refund a portion of the outstanding Election of 2002 General Obligation Bonds, Series A. Investments backed by the U.S. government were purchased and placed in an irrevocable trust with an escrow agent. The investments and fixed earnings on the investments are sufficient to fully provide for all future debt service on the refunded bonds, and accordingly the refunding transaction met the criteria for an in-substance defeasance. The liabilities related to the refunded bonds were removed from the District's financial statements for the fiscal year ended June 30, 2012.

The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on August 1, 2013 through August 1, 2026, with interest yields ranging from 0.32 percent to 2.77 percent. At June 30, 2023, the principal balance was fully paid.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – LONG-TERM LIABILITIES, continued

Bonded Debt, continued

2015 General Obligation Refunding Bonds

Proceeds from the 2015 General Obligation Refunding Bonds, issued in January 2015, were used to advance refund a portion of the outstanding Election of 2002 General Obligation Bonds, Series B. Investments backed by the U.S. government were purchased and placed in an irrevocable trust with an escrow agent. The investments and fixed earnings on the investments are sufficient to fully provide for all future debt service on the refunded bonds, and accordingly the refunding transaction met the criteria for an in-substance defeasance. The liabilities related to the refunded bonds were removed from the District's financial statements for the fiscal year ended June 30, 2015. The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on August 1, 2015 through August 1, 2027, with interest yields ranging from 1.49 percent to 2.16 percent. At June 30, 2023, the principal balance outstanding was \$15,630,000.

Fiscal Year	Principal	Interest	Total
2024	\$ 2,435,000	\$ 720,625	\$ 3,155,625
2025	2,760,000	590,750	3,350,750
2026	3,110,000	444,000	3,554,000
2027	3,495,000	278,875	3,773,875
2028	3,830,000	95,750	3,925,750
Total	\$ 15,630,000	\$ 2,130,000	\$ 17,760,000

Election of 2016 General Obligation Bonds, Series A

During April 2017, the District issued the Election of 2016 General Obligation Bonds, Series A in the amount of \$42,000,000. The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on August 1, 2018 through August 1, 2046, with interest yields ranging from 0.92 percent to 3.90 percent. At June 30, 2023, the principal balance outstanding was \$33,390,000.

Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ 1,578,225	\$ 1,578,225
2025	160,000	1,578,225	1,738,225
2026	230,000	1,570,225	1,800,225
2027	305,000	1,558,725	1,863,725
2028	385,000	1,543,475	1,928,475
2029-2033	3,320,000	7,372,075	10,692,075
2034-2038	6,205,000	6,483,975	12,688,975
2039-2043	10,425,000	4,637,937	15,062,937
2044-2047	12,360,000	1,693,651	14,053,651
Total	\$ 33,390,000	\$ 28,016,513	\$ 61,406,513

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – LONG-TERM LIABILITIES, continued

Bonded Debt, continued

2017 General Obligation Refunding Bonds

2017 General Obligation Refunding Bonds proceeds, issued in December 2017, were used to advance refund the outstanding Election of 2002 General Obligation Bonds, Series C. Investments backed by the U.S. government were purchased and placed in an irrevocable trust with an escrow agent. The investments and fixed earnings on the investments are sufficient to fully provide for all future debt service on the refunded bonds, and accordingly the refunding transaction met the criteria for an in-substance defeasance. The liabilities related to the refunded bonds were removed from the District's financial statements for the fiscal year ended June 30, 2019. The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on August 1, 2018 through August 1, 2031, with interest yields ranging from 2.08 percent to 2.28 percent. At June 30, 2023, the principal balance outstanding was \$15,800,000.

Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ 779,050	\$ 779,050
2025	-	779,050	779,050
2026	-	779,050	779,050
2027	-	779,050	779,050
2028	-	779,050	779,050
2029-2031	15,800,000	1,790,650	17,590,650
Total	\$ 15,800,000	\$ 5,685,900	\$ 21,485,900

Election of 2016 General Obligation Bonds, Series B

In July 2019, the District issued the Measure J General Obligation Bonds, Series B in the amount of \$49,500,000. The bonds mature beginning on August 1, 2020 through August 1, 2048, with interest yields ranging from 1.11 percent to 3.28 percent. At June 30, 2023, the principal balance outstanding was \$42,975,000.

The general long-term liabilities maturity schedules for the Measure J General Obligation Bonds Series B are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 300,000	\$ 1,504,219	\$ 1,804,219
2025	100,000	1,492,219	1,592,219
2026	265,000	1,488,219	1,753,219
2027	335,000	1,477,619	1,812,619
2028	415,000	1,464,219	1,879,219
2029-2033	3,410,000	7,004,295	10,414,295
2034-2038	6,265,000	6,107,294	12,372,294
2039-2043	10,050,000	4,627,642	14,677,642
2044-2048	16,710,000	2,744,131	19,454,131
2049	5,125,000	174,943	5,299,943
Total	\$ 42,975,000	\$ 28,084,800	\$ 71,059,800

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 – LONG-TERM LIABILITIES, continued

Bonded Debt, continued

Election of 2016 General Obligation Bonds, Series C

In June 2022, the District issued the Measure J General Obligation Bonds, Series C in the amount of \$50,000,000. The bonds mature beginning on August 1, 2022 through August 1, 2048, with interest yields ranging from 1.44 percent to 3.80 percent.

The general long-term liabilities maturity schedules for the Measure J General Obligation Bonds Series C are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 2,100,000	\$ 2,072,700	\$ 4,172,700
2025	2,250,000	1,988,700	4,238,700
2026	1,800,000	1,898,700	3,698,700
2027	350,000	1,826,700	2,176,700
2028	445,000	1,812,700	2,257,700
2029-2033	3,790,000	8,716,700	12,506,700
2034-2038	7,270,000	7,573,750	14,843,750
2039-2043	12,080,000	5,517,400	17,597,400
2044-2048	19,915,000	2,619,200	22,534,200
Total	\$ 50,000,000	\$ 34,026,550	\$ 84,026,550

2022 General Obligation Refunding Bonds

2022 General Obligation Refunding Bonds proceeds, issued in June 2022, were used to advance refund the outstanding Election of 2002 General Obligation Bonds, Series A. Investments backed by the U.S. government were purchased and placed in an irrevocable trust with an escrow agent. The investments and fixed earnings on the investments are sufficient to fully provide for all future debt service on the refunded bonds, and accordingly the refunding transaction met the criteria for an in-substance defeasance. The liabilities related to the refunded bonds were removed from the District’s financial statements for the fiscal year ended June 30, 2022. The bonds issued consisted entirely of current interest serial bonds. The bonds mature beginning on August 1, 2022 through August 1, 2027, with interest yields ranging from 1.29 percent to 1.93 percent. At June 30, 2023, the principal balance outstanding was \$8,430,000.

Fiscal Year	Principal	Interest	Total
2024	\$ 1,880,000	\$ 337,200	\$ 2,217,200
2025	2,030,000	262,000	2,292,000
2026	2,180,000	180,800	2,360,800
2027	2,340,000	93,600	2,433,600
	\$ 8,430,000	\$ 873,600	\$ 9,303,600

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 – LONG-TERM LIABILITIES, continued

Leases

The District has entered into agreements to lease certain equipment and buildings. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Equipment	3	4.00%	7/10/2017 - 7/10/2027	\$ 60,459
Buildings	2	4.00%	11/1/2021 - 11/1/2026	\$ 1,150,580

Future minimum lease payments on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	\$ 1,249,266	\$ 312,280	\$ 1,561,546
2025	1,288,734	947,552	2,236,286
2026	1,297,535	958,831	2,256,366
2027	1,307,720	88,862	1,396,582
2028	563,302	16,427	579,729
Total	\$ 5,706,557	\$ 2,323,952	\$ 8,030,509

Compensated Absences

Compensated absences refer to accumulated unpaid employee vacation benefits that are accrued as a liability as the benefits are earned. At June 30, 2023 and 2022, the balances outstanding were \$4,859,782 and \$4,081,588, respectively.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

For the fiscal year ended June 30, 2022, the District reported net OPEB liability (asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	\$ (8,830,106)	\$ 4,075,924	\$ 5,252,136	\$ (3,307,241)

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

In addition to the pension benefits described above, the District provides certain health care benefits for eligible employees, and their dependents, who have retired from service with the District. Classified employees hired before July 1, 1987, and management and academic employees hired before July 1, 1988, receive lifetime benefits. Classified employees hired after July 1, 1987, and management and academic employees hired after July 1, 1988, can receive retiree health benefits until age 65. To be eligible for benefits, the employees must have been employed by the District for at least 10 continuous years and be at least 55 years of age. Academic, classified, and management employees hired after July 1, 2018 can receive retiree health benefits until age 65 if they have been employed by the District for at least 15 years and be at least 55 years of age.

The District provides benefits through the Butte-Glenn Community College District Health Plan (the Plan), a single-employer defined benefit healthcare plan administered by the District. The Plan does not issue a publicly available report.

Funding Policy

The District’s agreement with employees is for monthly contributions for members who meet the eligibility criteria of their collective bargaining agreement and who retire during the term of the contract. The contribution requirements of plan members and the District are established and may be amended by the District’s Board of Trustees through the collective bargaining process. The members receiving benefit contributions vary depending on the level of coverage selected.

The following is a summary of the current employee retiree benefit plan:

	Faculty	Classified	Management
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	To age 65*	To age 65*	To age 65*
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
College Contribution %	100%	100%	100%
College Cap	None	None	None

*Classified employees hired before July 1, 1987 and non-classified employees hired before July 1, 1988 receive lifetime benefits

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Employees Covered by Benefit Term

The following is a table of plan participants as of the June 30, 2022 measurement date:

	Number of Participants
Inactive Employees Receiving Benefits	210
Participating Active Employees	546
	<u>756</u>

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2022-2023. The District had a net OPEB asset of \$8,830,106 as of June 30, 2023.

OPEB Plan Investments Butte

The plan discount rate of 6.25% was determined using the following asset allocation and assumed rate of return:

Asset Class	Target Allocation	Expected Rate of Return
All Equities	40%	7.545%
All Fixed Income	43%	4.250%
Real Estate Investment Trusts	8%	7.250%
All Commodities	4%	7.545%
Treasury Inflation Protected Securities	5%	3.000%
Total	<u>100%</u>	

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually but reflect the return for the asset class for the portfolio average.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Census data	The census was provided by the District
Actuarial cost methods	Entry age normal level percent of salary
Inflation rate	2.50%
Investment rate of return	6.25%
Discount rate	6.25%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 CalPERS active mortality for miscellaneous and school employees were used.

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance July 1, 2021	\$ 24,950,150	\$ 39,427,525	\$ (14,477,375)
Changes for the year:			
Service cost	682,993	-	682,993
Interest	1,645,883	2,695,625	(1,049,742)
Employer contributions to Trust	-	1,025,438	(1,025,438)
Employee contributions as Benefit Payme	-	1,816,387	(1,816,387)
Actual Benefit Payments from Trust	(1,816,387)	(1,816,387)	-
Experience Gains/(Losses)	-	(7,878,458)	7,878,458
Changes of assumptions	967,273	-	967,273
Administrative expense	-	(10,112)	10,112
Net change	1,479,762	(4,167,507)	5,647,269
Balance June 30, 2022	\$ 26,429,912	\$ 35,260,018	\$ (8,830,106)

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$8,830,106. At June 30, 2023, the District reported \$4,075,924 deferred outflows of resources and reported \$5,252,136 of deferred inflows of resources related to investment gains and losses.

The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (70,079)
2025	(105,344)
2026	(345,852)
2027	982,073
2028	(593,617)
Thereafter	(1,043,393)
	<u>\$ (1,176,212)</u>

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability calculated using the discount rate of 6.25 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.25 percent) and 1 percent higher (7.25):

	Discount Rate 1% Lower (5.25%)	Current Discount Rate (6.25%)	Discount Rate 1% Higher (7.25%)
Net OPEB liability/(asset)	\$ (6,924,745)	\$ (8,830,106)	\$ (10,652,937)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Health Costs Trend Rate

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability/(asset)	\$ (11,155,876)	\$ (8,830,106)	\$ (6,029,210)

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 – NET PENSION LIABILITY

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers’ Retirement System (CalSTRS), and Classified employees are members of the California Public Employees’ Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 31,040,431	\$ 7,639,111	\$ 9,316,126	\$ 2,014,141
CalPERS	61,936,685	22,047,018	1,541,065	9,138,299
Total	<u>\$ 92,977,116</u>	<u>\$ 29,686,129</u>	<u>\$ 10,857,191</u>	<u>\$ 11,152,440</u>

Pension Plans – California Public Employees’ Retirement System (CalPERS)

General Information about the Pension Plan

Plan Description – Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2019. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

General Information about the Pension Plan, continued

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	25.37%	25.37%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were \$7,547,546.

On-Behalf Payments - The District was the recipient of on-behalf payments made by the State of California to CalPERS for community college education. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$61,936,685. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.180 percent and 0.176 percent, resulting in a net increase in the proportionate share of 0.004 percent.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS, continued

For the year ended June 30, 2023, the District recognized a pension expense of \$9,138,299. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 7,313,038	\$ -
Differences between expected and actual experience	279,917	1,541,065
Changes in assumptions	4,581,724	-
Net changes in proportionate share of net pension liability	2,324,793	-
District contributions subsequent to the measurement date	7,547,546	-
Total	<u>\$ 22,047,018</u>	<u>\$ 1,541,065</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 3,613,464
2025	2,854,489
2026	1,772,632
2027	4,717,822
	<u>\$ 12,958,407</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS, continue

Actuarial Assumptions – For the measurement period ended June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2022 and the June 30, 2023 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS, continued

Actuarial Assumptions, continued

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	<u>100%</u>	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 AND 2022**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalPERS, continued

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate -

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 89,470,677	\$ 61,936,685	\$ 39,180,851

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov>.

Pension Plans – California State Teachers’ Retirement System (CalSTRS)

General Information about the Pension Plan

Plan Description – The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided - The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 AND 2022**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Benefits Provided, continued

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans. The STRP provision and benefits in effect as June 30, 2022 are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

Contributions - Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$4,706,012.

On-Behalf Payments - The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately \$2,493,729 to CalSTRS.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including state share:

District's proportionate share of the net pension liability	\$ 31,040,431
State's proportionate share of the net pension liability associated with the District	15,545,138
Total	\$ 46,585,569

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.0447 percent and 0.0520 percent, resulting in a net decrease in the proportionate share of 0.005 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$2,014,141. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 1,518,919
Differences between expected and actual experience	25,463	2,327,001
Changes in assumptions	1,538,231	-
Net changes in proportionate share of net pension liability	1,369,405	5,470,206
District contributions subsequent to the measurement date	4,706,012	-
Total	\$ 7,639,111	\$ 9,316,126

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 AND 2022**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS, continued

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (739,412)
2025	(2,575,566)
2026	(3,595,875)
2027	956,353
2028	(321,762)
Thereafter	(106,765)
	<u>\$ (6,383,027)</u>

Actuarial Assumptions – The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Notes to schedule:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS, continued

Actuarial Assumptions, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary’s investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on Teachers’ Retirement Board of the California State Teachers’ Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

*20-year average

Discount rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 AND 2022**

NOTE 9 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS, continued

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate -

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10% percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 52,718,164	\$ 31,040,431	\$ 13,041,394

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annual-financial-report>.

NOTE 10 – RISK MANAGEMENT

The District is a member of the Northern California Community Colleges Self-Insurance Authority (NCCCSIA), a joint powers authority (JPA), for the purpose of establishing, operating and maintaining programs for risk pooling, insurance, and risk management for liability, property and workers’ compensation. NCCCSIA self-insures its liability and property exposures through the Statewide Association of Community Colleges Joint Powers Authority (SWACC) and Schools Association for Excess Risk (SAFER) and its workers’ compensation exposures through the Protected Insurance Program for Schools and Community Colleges Joint Power Authority (PIPS).

The District participates in a health insurance benefits program organized by the Butte Schools Self-Funded Program (BSSP), a joint powers authority, created to provide self-insurance programs for school districts. BSSP limits health benefit costs by contracting with Self-Insured Schools of California (SISC), which is the largest school-focused purchasing pool in California.

The JPA’s are independently accountable for their fiscal matters, and as such, are not component units of the District for financial reporting purposes.

Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the programs. There has been no significant reduction in any of the insurance coverages from the prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District as of June 30, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

The District has filed a lawsuit against PG&E seeking to recover damages related to the November 2018 Camp Wildfires. The District is seeking compensation for costs incurred related to repair or replacement of damaged or destroyed property and loss of wages. Due to ongoing investigations and the utility company's bankruptcy filing, any recoverable amounts are unknown at this time.

NOTE 12 – RELATED PARTY TRANSACTIONS

As described in Note 1, the Foundation is a supporting organization of the District and the College; therefore, transactions between the Foundation and the District, District personnel, students at the College, and programs of the College, are expected. Per the Foundation's Bylaws, the College President is responsible for Foundation operations and District and College personnel serve in ex-officio and voting capacities on the Foundation's Board.

During the year ended June 30, 2023, the Foundation indirectly supported the District by providing grants to students of the College, paying programmatic expenditures, and/or reimbursing District personnel and departments for programmatic costs.

The Foundation was further supported by the involvement of College and District personnel in the Foundation's events and programs. The total amount of these contributions has not been segregated from the non-District affiliated contributions.

NOTE 13– PRIOR PERIOD ADJUSTMENT

Beginning net position as of July 1, 2021, decreased by \$4,870,311. This was due to the implementation of GASB Statement No. 87, *Leases*.

NOTE 14 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2023 through December 6, 2023, the date the financial statements were issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 682,993	\$ 966,652	\$ 940,781	\$ 923,917	\$ 899,189	\$ 804,135
Interest	1,645,883	1,990,737	1,868,576	1,993,887	1,951,138	1,937,161
Actual Benefit Payments from Employer	-	-	-	(1,009,450)	-	-
Actual Benefit Payments from Trust	(1,816,387)	(1,948,832)	-	(1,108,575)	-	-
Experience gains/losses	-	(4,484,190)	(1,999,201)	(2,520,540)	-	-
Benefit payments	967,273	470,016	(155,075)	(119,415)	(2,266,528)	(2,933,900)
Net change in total OPEB liability	1,479,762	(3,005,617)	655,081	277,849	583,799	(192,604)
Total OPEB liability, beginning of year	24,950,150	27,955,767	27,300,686	29,140,862	28,557,063	28,749,667
Total OPEB liability, end of year (a)	\$ 26,429,912	\$ 24,950,150	\$ 27,955,767	\$ 27,300,686	\$ 29,140,862	\$ 28,557,063
Plan fiduciary net position						
Employer contributions	\$ 1,025,438	\$ 1,295,586	\$ 444,328	\$ 1,849,721	\$ 5,043,731	\$ 7,199,445
Investment income	2,695,625	8,806,409	2,176,824	2,106,313	1,875,574	2,211,375
Investment gains/losses	(7,878,458)	-	(1,202,550)	(176,329)	193,513	-
Administrative expense	(10,112)	(12,135)	(15,649)	(6,549)	(47,966)	(11,393)
Expected benefit payments	-	(1,948,832)	(1,999,201)	(2,118,025)	(2,266,528)	(2,933,900)
Change in plan fiduciary net position	(4,167,507)	8,141,028	(596,248)	1,655,131	4,798,324	6,465,527
Fiduciary trust net position, beginning of year	39,427,525	31,286,497	31,882,745	30,227,614	25,429,290	18,963,763
Fiduciary trust net position, end of year (b)	\$ 35,260,018	\$ 39,427,525	\$ 31,286,497	\$ 31,882,745	\$ 30,227,614	\$ 25,429,290
Net OPEB liability (asset), ending (a) - (b)	\$ (8,830,106)	\$ (14,477,375)	\$ (3,330,730)	\$ (6,700,084)	\$ (1,086,752)	\$ 3,127,773
Covered payroll	\$ 51,659,566	\$ 46,536,454	\$ 42,615,055	\$ 40,321,536	\$ 37,318,424	\$ 34,377,833
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	133%	158%	112%	117%	104%	89%
Net OPEB liability (asset) as a percentage of covered payroll	-17%	-31%	-8%	-17%	-3%	9%

Note: In the future, as data becomes available, ten years of information will be presented.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 1,878,307	\$ 1,816,387	\$ 2,160,877	\$ 2,154,276	\$ 2,237,440	\$ 2,266,528
Contributions in relations to the actuarially determined contribution	-	-	444,328	444,328	3,092,035	5,198,262
Contribution deficiency (excess)	\$ 1,878,307	\$ 1,816,387	\$ 1,716,549	\$ 1,709,948	\$ 2,237,440	\$ (4,932,917)
Covered-employee payroll	\$ 51,659,566	\$ 46,536,454	\$ 40,321,536	\$ 40,321,536	\$ 37,318,424	\$ 34,377,883
Contribution as a percentage of covered-employee payroll	4%	4%	5%	5%	8%	15%

**The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.*

Note: In the future, as data becomes available, ten years of information will be presented.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CaSTRS					
District's proportion of the net pension liability	0.0447%	0.0520%	0.0490%	0.0460%	0.0430%
District's proportionate share of the net pension liability	\$ 31,040,431	\$ 23,759,344	\$ 47,037,387	\$ 41,333,191	\$ 39,502,758
State's proportionate share of the net pension liability associated with the District	15,545,138	11,955,030	24,247,583	22,550,197	22,618,264
Total	\$ 46,585,569	\$ 35,714,374	\$ 71,284,970	\$ 63,883,388	\$ 62,121,022
District's covered - employee payroll	\$ 27,813,310	\$ 25,037,512	\$ 24,166,508	\$ 23,124,363	\$ 24,129,091
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	112%	95%	195%	179%	164%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CaPERS					
District's proportion of the net pension liability	0.1800%	0.1760%	0.1720%	0.1680%	0.1590%
District's proportionate share of the net pension liability	\$ 61,936,685	\$ 35,707,695	\$ 52,797,104	\$ 48,823,739	\$ 42,435,448
District's covered - employee payroll	\$ 32,944,330	\$ 27,936,408	\$ 25,413,667	\$ 25,025,070	\$ 23,536,375
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	188%	128%	208%	195%	180%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS				
District's proportion of the net pension liability	0.043%	0.044%	0.049%	0.046%
District's proportionate share of the net pension liability	\$ 39,558,965	\$ 35,933,488	\$ 32,726,520	\$ 26,907,952
State's proportionate share of the net pension liability associated with the District	23,402,940	20,459,305	17,308,674	16,478,960
Total	\$ 62,961,905	\$ 56,392,793	\$ 50,035,194	\$ 43,386,912
District's covered - employee payroll	\$ 23,214,359	\$ 22,783,029	\$ 26,985,380	\$ 32,097,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	170%	158%	121%	84%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS				
District's proportion of the net pension liability	0.153%	0.147%	0.151%	0.156%
District's proportionate share of the net pension liability	\$ 36,527,650	\$ 29,065,674	\$ 22,328,567	\$ 17,456,784
District's covered - employee payroll	\$ 23,781,224	\$ 19,821,037	\$ 18,052,908	\$ 12,723,907
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	154%	147%	124%	137%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Note: In the future, as data becomes available, ten years of information will be presented.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
CalSTRS					
Statutorily required contribution	\$ 4,706,012	\$ 4,236,347	\$ 3,902,891	\$ 4,192,447	\$ 3,928,216
District's contributions in relation to the statutorily required contribution	4,706,012	4,236,347	3,902,891	4,192,447	3,928,216
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 27,813,310	\$ 25,037,512	\$ 24,166,508	\$ 23,124,363	\$ 24,129,091
District's contributions as a percentage of covered-employee payroll	16.92%	16.92%	16.15%	18.13%	16.28%
CalPERS					
Statutorily required contribution	\$ 7,547,546	\$ 6,400,231	\$ 5,260,629	\$ 4,935,194	\$ 4,251,140
District's contributions in relation to the statutorily required contribution	7,547,546	6,400,231	5,260,629	4,935,194	4,251,140
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 32,944,330	\$ 27,936,408	\$ 25,413,667	\$ 25,025,070	\$ 23,536,375
District's contributions as a percentage of covered-employee payroll	22.91%	22.91%	20.70%	19.72%	18.06%

Note: In the future, as data becomes available, ten years of information will be presented.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB asset, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB asset. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations.

Changes in Assumptions – The discount rate and investment rate of return as of the June 30, 2021 measurement date was 6.75%, while the discount rate and investment rate of return as of June 30, 2022 measurement date was 6.25%. The inflation rate remained at 2.50%, while the health care cost trend rate decreased to 4.00% as of the June 30, 2023 measurement date.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions – During fiscal year 2022-23 PERS discount rate changed from 6.90 to 7.15.

Schedule of Contributions – Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

**SUPPLEMENTARY
INFORMATION**

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATIONAL STRUCTURE
JUNE 30, 2023**

The Butte-Glenn Community College District (the District) is a political subdivision of the State of California and is governed by an elected seven-member Board of Trustees. The District provides educational services to the local residents of the surrounding area. The District consists of one community college located in Oroville, California, a state approved center located in Chico, California, and satellite campuses throughout the bi-county area.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. Rick Krepelka	President	2024
Mr. Eugene Massa	Vice President	2024
Mr. Michael Boeger	Clerk	2026
Mr. John Blacklock	Member	2026
Mr. John Dahlmeier	Member	2024
Mr. William McGinnis	Member	2024
Mr. John Nock	Member	2026
Ms. Elie Wyllie	Student Member - (Non voting)	2023

DISTRICT ADMINISTRATION

Mrs. Virginia Guleff
Superintendent/President

Mr. Andrew Suleski
Vice President, Administration/CBO

Mr. Erik Shearer
Vice President, Instruction

Mr. Brad Zuniga
Interim Vice President, Student Services

Mr. Jim Nicholas
Director, Business Services

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME/TITLE	ESTABLISHMENT AND MASTER AGREEMENT DATE
Butte Community College Foundation	Lisa DeLaby / Director of Institutional Advancement	Organized as an auxiliary organization in 1992, and has a signed master agreement dated May 6, 2021.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. Department of Education			
Direct			
Student Financial Assistance Cluster			
Federal Supplemental Education Opportunity Grants	84.007	N/A	\$ 317,549
Federal Work Study Program	84.033	N/A	177,169
Federal Direct Student Loans	84.268	N/A	2,076,744
Federal Pell Grant Program	84.063	N/A	14,834,398
Total Student Financial Assistance Cluster			<u>17,405,860</u>
Childcare Access Means Parents in School	84.335A	N/A	149,203
COVID-19 HEERF III - Institutional Portion	84.425F	P425F203512	11,813,463
COVID-19 HEERF III Student Portion	84.425E	P425E202461	110,615
Passed Through California Department of Education			
Vocational Education - Basic Grants to States	84.048	17-150-001	161,576
Vocational Education - Basic Grants to States	84.048	17-112-004	118,605
Vocational Education - Basic Grants to States - Title I-C	84.048	17-C01-004	468,796
Hispanic-Serving Institutions - DHSI - Center for Access, Support and Achievement	84.031	P031S220084	170,800
TRIO - Student Support Services	84.042A	P042A201126/42	552,377
Total U.S. Department of Education			<u>30,951,295</u>
U.S. Department of Agriculture			
Passed Through Butte County Office of Education			
CalFresh	10.561	A22-0055-S009	85,305
Forest Reserve	10.665	N/A	15,252
Child Nutrition Program	10.558	N/A	15,230
Total U.S. Department of Agriculture			<u>115,787</u>
Corporation for National and Community Service			
Passed Through California Community Colleges Chancellor's Office			
AmeriCorps	94.006	N/A	46,851
Total Corporation of National and Community Service			<u>46,851</u>
U.S. Department of the Interior			
Passed Through Bureau of Indian Affairs			
Bureau of Indian Affairs	15.124	N/A	61,614
Total U.S. Department of the Interior			<u>61,614</u>
U.S. Department of Commerce			
Passed Through California Manufacturing Technology Consulting			
National Institute of Standards and Technology	11.611	N/A	30,077
Total U.S. Department of Commerce			<u>30,077</u>
Small-Business Administration			
Passed Through CSU, Chico Research Foundation			
Small Business Development - 2022	59.037	F-3244	80,952
Small Business Development - 2023	59.037	F-XXX	87,134
SBA - Go Biz	59.037	N/A	152,392
SBA - Portable Assistance	59.037	N/A	116,210
Total Small-Business Administration			<u>436,688</u>
U.S. Department of Health and Human Services			
Passed Through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families	93.558	N/A	54,897
Passed Through Chancellor's Office			
Foster Care Title IV-E	93.658	N/A	59,430
Passed Through Foundation for California Community Colleges			
Chafee Foster Care Independence Program	93.674	N/A	20,410
Total U.S. Department of Health and Human Services			<u>134,737</u>
U.S. Department of Transportation			
Dwight D. Eisenhower Transportation Fellowship Program	20.215	N/A	500
Total U.S. Department of Transportation			<u>500</u>
U.S. Economic Development Administration			
Passed Through Foundation for California Community Colleges			
Good Jobs Challenge	11.307	N/A	67,131
Total U.S. Economic Development Administration			<u>67,131</u>
Total Federal Programs			<u>\$ 31,844,680</u>

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Program Title	Total Entitlement	Program Revenues					Total Revenue	Total Program Expenditures
		Prior balance	Cash Received	Accounts Receivable	Grantor Advances			
Basic Skills	\$ 50,178	\$ 1	\$ 50,178	\$ 1	\$ -	\$ 50,178	\$ 50,178	
Extended Opportunity Programs and Services	1,581,453	(406,147)	1,175,306	-	793,678	787,775	787,775	
CAP	456,573	5,996,358	4,609,239	1,843,692	-	456,573	456,573	
Disabled Students Programs and Services	984,116	(831,831)	421,145	-	505,174	747,802	747,802	
Student Equity	4,262,264	(3,556,204)	986,473	-	3,513,978	1,028,699	1,028,699	
Board Financial Assistance Program	427,047	-	421,968	-	-	421,968	421,968	
Online Ed Initiative	-	1,259	-	1,259	-	-	-	
Temporary Assistance for Needy Families	33,715	15,060	10,965	37,810	-	33,715	33,715	
TTIP/CENIC	23,400,000	-	23,400,000	-	3,011,304	20,388,696	20,388,696	
Financial Aid Technology	41,085	-	41,085	-	-	41,085	41,085	
Vetereans Resource Center	380,354	(134,936)	185,588	-	195,990	124,534	124,534	
Restricted Lottery	963,613	-	963,613	-	-	963,613	963,613	
Student Success Completion	2,531,779	(300,000)	2,231,779	-	-	2,531,779	2,531,779	
Strongwork Force	67,453,360	(40,515,817)	39,864,074	-	58,856,791	21,523,100	21,523,100	
SWP K12	28,090,667	(1,705,252)	116,339	8,886,158	-	10,707,749	10,707,749	
Adult Education Block Grant	2,415,472	(232,473)	2,182,991	10,000	211,063	2,214,401	2,214,401	
DSN	160,059	(64,932)	54	-	64,986	-	-	
Core Applications Program	685,245	-	682,245	-	-	682,245	682,245	
Data Services Program	2,864,750	257,898	1,403,800	1,570,616	-	2,716,518	2,716,518	
Shared Infrastructure	9,450,000	2,615,422	6,395,423	4,471,721	-	8,251,722	8,251,722	
Corporation for Education Netwrok Initiatives in CA	1,670,401	(1,670,400)	-	-	-	1,670,400	1,670,400	
Instructional Equipment	5,282,059	-	5,282,057	-	6,823	5,275,234	5,275,234	
SIP	976,155	(31,154)	-	945,001	-	976,155	976,155	
SEAP	3,556,205	-	3,134,721	421,484	-	3,556,205	3,556,205	
All other State Programs	20,318,279	(751,083)	18,141,344	-	5,212,878	13,679,549	13,679,549	
Total State District Funding	\$ 178,034,829	\$ (41,314,231)	\$ 111,700,387	\$ 18,187,742	\$ 72,372,665	\$ 98,829,695	\$ 98,829,695	

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT -
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2022 only)			
1. Noncredit	2.00	-	2.00
2. Credit	82.58	-	82.58
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit	-	-	-
2. Credit	425.58	-	425.58
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,823.78	-	2,823.78
(b) Daily Census Contact Hours	287.71	-	287.71
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	236.35	-	236.35
(b) Credit	601.62	-	601.62
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	2,862.90	-	2,862.90
(b) Daily Census Contact Hours	340.88	-	340.88
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	7,663.40	-	7,663.40
Supplemental Information (subset of above information)			
E. In-service Training Courses	373.00	-	373.00
F. Basic Skills Courses and Immigrant Education			
1. Credit	2.60	-	2.60
2. Noncredit	93.75	-	93.75
Total Basic Skills FTES	96.35	-	96.35

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2023**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	15,740,513	-	15,740,513	15,740,513	-	15,740,513
Other	1300	8,603,627	-	8,603,627	8,604,676	-	8,604,676
Total Instructional Salaries		24,344,140	-	24,344,140	24,345,189	-	24,345,189
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	5,669,224	-	5,669,224
Other	1400	-	-	-	797,467	-	797,467
Total Non-Instructional Salaries		-	-	-	6,466,691	-	6,466,691
Total Academic Salaries		24,344,140	-	24,344,140	30,811,880	-	30,811,880
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	14,220,052	-	14,220,052
Other	2300	-	-	-	856,659	-	856,659
Total Non-Instructional Salaries		-	-	-	15,076,711	-	15,076,711
Instructional Aides							
Regular Status	2200	1,431,489	-	1,431,489	1,431,489	-	1,431,489
Other	2400	341,831	-	341,831	341,831	-	341,831
Total Instructional Aides		1,773,320	-	1,773,320	1,773,320	-	1,773,320
Total Classified Salaries		1,773,320	-	1,773,320	16,850,031	-	16,850,031
Employee Benefits	3000	11,647,964	-	11,647,964	21,554,487	-	21,554,487
Supplies and Materials	4000	-	-	-	669,601	-	669,601
Other Operating Expenses	5000	280,233	-	280,233	5,491,408	-	5,491,408
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		38,045,657	-	38,045,657	75,377,407	-	75,377,407
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	944,209	-	944,209	944,209	-	944,209
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,004,443	-	1,004,443
Object to Exclude							
Rents and Leases	5060	-	-	-	179,470	-	179,470
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	40,927	-	40,927
Total Supplies and Materials		-	-	-	40,927	-	40,927
Other Operating Expenses and Services	5000	-	-	-	1,224,586	-	1,224,586
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	126,931	-	126,931
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	1,197,446	-	1,197,446
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	1,197,446	-	1,197,446
Total Capital Outlay		-	-	-	1,324,377	-	1,324,377
Other Outgo	7000	-	-	-	88,943	-	88,943
Total Exclusions		\$ 944,209	\$ -	\$ 944,209	\$ 4,806,955	\$ -	\$ 4,806,955
Total for ECS 84362, 50% Law		\$ 37,101,448	\$ -	\$ 37,101,448	\$ 70,570,452	\$ -	\$ 70,570,452
Percent of CEE (Instructional Salary Cost/Total CEE)		52.57%	0.00%	52.57%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 35,285,226	\$ -	\$ 35,285,226

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2023**

EPA Revenue	\$ 12,191,193
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 12,191,193	\$ -	\$ -	\$ 12,191,193
Total		\$ 12,191,193	\$ -	\$ -	\$ 12,191,193

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2023

	General Fund	Bond Interest and Redemption Fund	Child Development Fund	Other Special Revenue Fund	Capital Outlay Projects Fund	Bond Construction Fund	Farm Operations Fund	Bookstore Fund	Balance Forward
ASSETS									
Cash and equivalents	\$ 107,954,249	\$ 30,152,342	\$ 319,879	\$ 4,145,502	\$ 29,578,062	\$ 73,575,053	\$ 62,145	\$ (18,987)	\$ 245,768,245
Accounts receivable, net	16,297,104	-	81,574	-	11,722	599,534	390	23,658	17,013,982
Inventory	-	-	-	-	-	-	-	101,068	101,068
Prepaid assets	1,350,688	-	-	-	3,908	-	-	479	1,355,075
Due from other funds	7,001,718	-	-	-	-	-	-	353	7,002,071
Total Assets	\$ 132,603,759	\$ 30,152,342	\$ 401,453	\$ 4,145,502	\$ 29,593,692	\$ 74,174,587	\$ 62,535	\$ 106,571	\$ 271,240,441
LIABILITIES									
Accounts payable	\$ 20,651,805	\$ -	\$ 1,046	\$ -	\$ 31,135	\$ 45,100	\$ 794	\$ 4,965	\$ 20,734,845
Deferred revenue	68,085,805	-	-	-	-	-	-	101,609	68,187,414
Compensated absences	4,859,782	-	-	-	-	-	-	-	4,859,782
Due to other funds	6,730	-	-	-	6,110,997	-	-	-	6,117,727
Total Liabilities	93,604,122	-	1,046	-	6,142,132	45,100	794	106,574	99,899,768
FUND EQUITY									
Retained earnings	-	-	-	-	-	-	61,741	(3)	61,738
Fund balance:									
Restricted	-	30,152,342	-	-	-	74,129,487	-	-	104,281,829
Committed	-	-	-	-	23,451,560	-	-	-	23,451,560
Assigned	-	-	-	-	-	-	-	-	-
Uncommitted	38,999,637	-	400,407	4,145,502	-	-	-	-	43,545,546
Total Fund Equity	38,999,637	30,152,342	400,407	4,145,502	23,451,560	74,129,487	61,741	(3)	171,340,673
Total Liabilities and Fund Equity	\$ 132,603,759	\$ 30,152,342	\$ 401,453	\$ 4,145,502	\$ 29,593,692	\$ 74,174,587	\$ 62,535	\$ 106,571	\$ 271,240,441

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2023

	Balance Brought Forward	Cafeteria Fund	Self Insurance Fund	Retiree Benefit Fund	Associated Student Body	Student Rep Fee Trust	Financial Aid Fund	Total
ASSETS								
Cash and equivalents	\$ 245,768,245	\$ 63,528	\$ 766,230	\$ 1,020,742	\$ 623,525	\$ 86,175	\$ 7,390,170	\$ 255,718,615
Accounts receivable, net	17,013,982	10,890	-	-	1	-	335,612	17,360,485
Inventory	101,068	25,847	-	-	-	-	-	126,915
Prepaid assets	1,355,075	-	-	-	17,908	-	-	1,372,983
Due from other funds	7,002,071	7,562	-	-	-	-	-	7,009,633
Total Assets	\$ 271,240,441	\$ 107,827	\$ 766,230	\$ 1,020,742	\$ 641,434	\$ 86,175	\$ 7,725,782	\$ 281,588,631
LIABILITIES								
Accounts payable	\$ 20,734,845	\$ 1,263	\$ -	\$ -	\$ 40	\$ 18,217	\$ 31,194	\$ 20,785,559
Deferred revenue	68,187,414	82,655	-	-	-	-	6,827,774	75,097,843
Long-term obligations	4,859,782	-	-	-	-	-	-	4,859,782
Due to other funds	6,117,727	23,907	-	-	928	-	866,814	7,009,376
Total Liabilities	99,899,768	107,825	-	-	968	18,217	7,725,782	107,752,560
FUND EQUITY								
Retained earnings	61,738	2	-	1,020,742	640,466	67,958	-	1,790,906
Fund balance:								
Restricted	104,281,829	-	-	-	-	-	-	104,281,829
Committed	23,451,560	-	-	-	-	-	-	23,451,560
Assigned	-	-	766,230	-	-	-	-	766,230
Uncommitted	43,545,546	-	-	-	-	-	-	43,545,546
Total Fund Equity	171,340,673	2	766,230	1,020,742	640,466	67,958	-	173,836,071
Total Liabilities and Fund Equity	\$ 271,240,441	\$ 107,827	\$ 766,230	\$ 1,020,742	\$ 641,434	\$ 86,175	\$ 7,725,782	\$ 281,588,631

See accompanying note to the supplementary information.

BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Bond Interest and Redemption Fund	Child Development Fund	Other Special Revenue Fund	Capital Outlay Projects Fund	Bond Construction Fund	Farm Operations Fund	Bookstore Fund	Balance Forward
REVENUES									
Federal	\$ 14,380,181	\$ -	\$ 15,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,395,411
State	197,857,011	58,901	391,587	-	1,496,408	-	-	-	199,803,907
Local	32,977,032	14,834,168	105,744	1,710,677	298,101	1,870,973	34,923	274,708	52,106,326
Cost of sales	-	-	-	-	-	-	-	-	-
Total Revenues	245,214,224	14,893,069	512,561	1,710,677	1,794,509	1,870,973	34,923	274,708	266,305,644
EXPENDITURES									
Academic salaries	36,755,064	-	-	-	-	-	-	-	36,755,064
Classified salaries	31,588,130	-	232,999	-	-	-	9,061	465,488	32,295,678
Employee benefits	30,490,349	-	164,506	-	-	-	132	246,920	30,901,907
Supplies and materials	2,953,425	-	26,085	-	36,745	-	5,948	131,807	3,154,010
Other operating expenses	100,294,960	-	31,172	-	52,325	97,516	2,398	37,182	100,515,553
Capital outlay	13,416,024	-	643	-	4,226,244	11,028,216	-	2,965	28,674,092
Total Expenditures	215,497,952	-	455,405	-	4,315,314	11,125,732	17,539	884,362	232,296,304
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,716,272	14,893,069	57,156	1,710,677	(2,520,805)	(9,254,759)	17,384	(609,654)	34,009,340
OTHER FINANCING SOURCES	2,312,697	-	-	-	11,675,566	-	-	609,650	14,597,913
OTHER OUTGO	(26,557,254)	(12,825,995)	-	-	-	-	-	-	(39,383,249)
NET CHANGE IN FUND BALANCE	5,471,715	2,067,074	57,156	1,710,677	9,154,761	(9,254,759)	17,384	(4)	9,224,004
BEGINNING FUND BALANCE	33,527,922	28,085,268	343,251	2,434,825	14,296,799	83,384,246	44,357	1	162,116,669
ENDING FUND BALANCE	\$ 38,999,637	\$ 30,152,342	\$ 400,407	\$ 4,145,502	\$ 23,451,560	\$ 74,129,487	\$ 61,741	\$ (3)	\$ 171,340,673

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
FOR THE YEAR ENDED JUNE 30, 2023**

	Balance Brought Forward	Cafeteria Fund	Self Insurance Fund	Retiree Benefit Fund	Associated Student Body	Student Rep Fee Trust	Financial Aid Fund	Total
REVENUES								
Federal	\$ 14,395,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,412,235	\$ 31,807,646
State	199,803,907	-	-	-	-	-	8,923,779	208,727,686
Local	52,106,326	1,127,448	(305,908)	16,645	277,517	38,559	197,936	53,458,523
Cost of sales	-	(870,473)	-	-	-	-	-	(870,473)
Total Revenues	266,305,644	256,975	(305,908)	16,645	277,517	38,559	26,533,950	293,123,382
EXPENDITURES								
Academic salaries	36,755,064	-	-	-	1,000	-	-	36,756,064
Classified salaries	32,295,678	519,563	-	-	71,854	-	-	32,887,095
Employee benefits	30,901,907	231,274	-	-	39,311	-	-	31,172,492
Supplies and materials	3,154,010	(177,495)	303	-	31,814	62	-	3,008,694
Other operating expenses	100,515,553	115,821	60,213	-	139,881	52,422	-	100,883,890
Capital outlay	28,674,092	19,418	3,116	-	3,844	-	-	28,700,470
Total Expenditures	232,296,304	708,581	63,632	-	287,704	52,484	-	233,408,705
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	34,009,340	(451,606)	(369,540)	16,645	(10,187)	(13,925)	26,533,950	59,714,677
OTHER FINANCING SOURCES	14,597,913	451,609	52,000	-	-	-	-	15,101,522
OTHER OUTGO	(39,383,249)	-	(29,134)	-	(850)	-	(26,533,950)	(65,947,183)
NET CHANGE IN FUND BALANCE	9,224,004	3	(346,674)	16,645	(11,037)	(13,925)	-	8,869,016
BEGINNING FUND BALANCE	162,116,669	(1)	1,112,904	1,004,097	651,503	81,883	-	164,967,055
ENDING FUND BALANCE	\$ 171,340,673	\$ 2	\$ 766,230	\$ 1,020,742	\$ 640,466	\$ 67,958	\$ -	\$ 173,836,071

See accompanying note to the supplementary information.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Total Fund Equity - District Funds Included in the Reporting Entity:

General Fund	\$	38,999,637	
Debt Service Fund		30,152,342	
Capital Project Funds		97,581,047	
Other Funds		6,394,621	
Associated Student Body		640,466	
Student Rep Fee Trust		67,958	
			\$ 173,836,071

Assets recorded within the statements of net position not included in the District fund financial statements:

Nondepreciable capital assets	\$	69,705,624	
Depreciable capital assets		331,333,348	
Intangible right of use assets		7,339,906	
Accumulated depreciation		(99,068,428)	
Fair Market Value - Cash in County Investments		(7,682,818)	301,627,632

Net OPEB Asset 8,830,106

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred loss on refunding			1,127,773
Deferred outflows related to OPEB			4,075,924
Deferred outflows related to pensions			29,686,129

Liabilities recorded within the statements of net position not recorded in the District fund financial statements:

Net pension liability			(92,977,116)
Long-term debt, net			(190,115,598)
Unmatured Interest			(2,938,706)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred inflows related to OPEB			(5,252,136)
Deferred inflows related to pensions			(10,857,191)

Net Position Reported Within the Statement of Net Position \$ 217,042,888

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF CHANGE IN FUND EQUITY TO CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Change in Fund Equity - District Funds Included in the Reporting Entity	\$ 8,869,016
Depreciation expense	(8,299,091)
Accretion of general obligation bonds	(337,278)
Accrued interest reported	(489,251)
Amortization of bond premiums	1,410,942
Interest expense from deferred loss on refunding	(1,081,805)
Capital outlay expense	60,303,324
Pension related activity	1,101,118
Other postemployment benefits	3,307,241
Principal Payments on debt	7,802,129
Loss on disposal of fixed assets	(19,730)
Change in Net Position Reported Within the Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 72,566,615</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

A. District Organizational Structure

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.

B. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

C. Schedule of Revenues and Expenditures of State Awards

The accompanying schedule of expenditures of state awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

D. Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

F. Reconciliation of the ECS 84362 (50 Percent Law) Calculation

This schedule reports any audit adjustments made to the reported data to ensure that a minimum of 50 percent of the District's current expense of education is expended for salaries of classroom instructors.

G. Details of the Education Protection Account

This schedule reports the District revenue and expenditure classification of the Proposition 30 Education Protection Account funds.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES, continued

H. Combining Balance Sheet

This schedule provides a balance sheet detail of all District funds included in the government-wide financial reporting entity.

I. Combining Statement of Revenues, Expenditures and Changes in Fund Equity

This schedule provides revenues, expenditures, and changes in fund equity detail for all District funds included in the government-wide financial reporting entity.

J. Reconciliation of Fund Equity to Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

K. Reconciliation of Change in Fund Equity to Change in Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

**OTHER INDEPENDENT
AUDITORS' REPORTS**



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Butte-Glenn Community College District
Oroville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Butte-Glenn Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Diego, California
December 6, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Trustees
Butte-Glenn Community College District
Oroville, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Butte-Glenn Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2023. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Butte-Glenn Community College District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Butte-Glenn Community College District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Butte-Glenn Community College District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Butte-Glenn Community College District's compliance based on our audit

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Butte-Glenn Community College District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Butte-Glenn Community College District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Butte-Glenn Community College District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Butte-Glenn Community College District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 6, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
Butte-Glenn Community College District
Oroville, California

Report on State Compliance

Opinion on State Compliance

We have audited Butte-Glenn Community College District's (the District) compliance with the types of compliance requirements as identified in the *California Community Colleges Contracted District Audit Manual 2022-23*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2023. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Butte-Glenn Community College District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for program. Our audit does not provide a legal determination of Butte-Glenn Community College District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements listed in the table below.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

Other Matters

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 411 – SCFF Data Management Control Environment
Section 412 – SCFF Supplemental Allocation Metrics
Section 413 – SCFF Success Allocation Metrics
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded From Other Sources
Section 424 – Student Centered Funding Formula Base Allocation: FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 490 – Propositions 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds
Section 492 – Student Representation Fee
Section 499 – COVID-19 Response Block Grant Expenditures

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2022-23*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 6, 2023

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
84.007, 84.268, 84.033 84.063	Student Financial Aid Cluster
84.425E, 84.425L, 84.425F	Cares Act - HEERF Funds
84.938T	Emergency Assistance to Institutions of Higher Education Program
84.048	Vocational Education

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 923,756</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings or questioned costs identified during 2022-23.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by Uniform Guidance.

There were no federal award findings or questioned costs identified during 2022-23.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs identified during 2022-23.

**BUTTE-GLENN COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Section V – Prior Year Audit Findings Summary

This section identifies the audit findings and questioned costs from prior year.

FINDING #2022-001 – STATE COMPLIANCE (STATE GENERAL APPORTIONMENT FUNDING SYSTEM)

Criteria: The total student contact hours reported for each class under the actual hours of attendance procedure should be the sum of the individual attendance hours total for each student in the class as reported by the instructor (5 CCR 58003.1(d) and 5 CCR 58003.1(g)).

Condition: During our testing of state general apportionment funding system, we noted that 1 out of 10 courses tested did not properly report the number of hours as certified by the instructor roster. The identified course was an actual-hours-of-attendance census-type course where the District relies upon instructor certified rosters as the basis for supporting hours claimed.

Questioned Costs: We identified four courses without roster support for 611.33 hours. The hours in question equated to 1.16 FTES.

Cause: Clerical error as instructor left the District prior to submission of the support for hours noted above.

Effect: Non-compliance with state general apportionment funding requirements.

Recommendation: We recommend that the District reconcile actual hours report to the hours supported by physical instructor rosters. In addition, per discussion with District management, management will perform monthly audits of instructor rosters and increase training with an emphasis placed on positive attendance calculations.

Management's Response and Corrective Action Plan: The district will begin performing monthly positive attendance audits of instructor's rosters to confirm student participation hours are being recorded correctly. The district will be working with their current auditors to develop training programs for all staff members working with the attendance tracking process.

Current Status: Implemented in 2022-23.